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YOUTH EMPLOYMENT UNDER TITLE II OF THE JOB TRAINING PARTNERSHIP ACT

HEARINGS

BEFORE THE

SUBCOMMITTEE ON
EMPLOYMENT AND PRODUCTIVITY

OF THE

COMMITTEE ON
LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

SECOND SESSION

ON

REVIEWING PROPOSED LEGISLATION TO REVISE CERTAIN YOUTH EMPLOYMENT PROVISIONS OF TITLE II OF THE JOB TRAINING PARTNERSHIP ACT

FEBRUARY 2, APRIL 27, JUNE 8, AND SEPTEMBER 22, 1988

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CONTENTS

STATEMENTS

Tuesday, February 2, 1988

Page

Edelman, Marian Wright, president, Children's Defense Fund, Washington, DC, accompanied by Cliff Johnson, director, Youth Employment Division, CDF; Fritz Wenzler, vice president, Corporate Staff, Johnson & Johnson, New Brunswick, NJ, and chairman, Greater Raritan Private Industry Council; and Dorothy Stoneman, president, Youth Action Program of the East Harlem Block Schools, New York, NY 73
  Prepared statements of:
    Ms. Edelman (with an attachment) 77
    Mr. Wenzler 91
    Ms. Stoneman (with an attachment) 106
Jones, Hon. Robert S.T., Acting Assistant Secretary for Employment and Training, U.S. Department of Labor, Washington, DC, accompanied by Patricia McNeil, Administrator, Office of Strategic Planning and Policy Development 33
  Prepared statement 52
Metzenbaum, Hon. Howard M., a U.S. Senator from the State of Ohio, prepared statement 4
Schmoke, Hon. Kurt, Mayor, City of Baltimore, MD, on behalf of U.S. Conference of Mayors, and Hon. Michael R. White, State Senator, Cleveland, OH... 15
  Prepared statement 18
Simon, Hon. Paul, a U.S. Senator from the State of Illinois, prepared statement 10
Specter, Hon. Arlen, a U.S. Senator from the State of Pennsylvania 72

Wednesday, April 27, 1988

Dwyer, Margaret M., executive director, Indiana Partners in Education, Indianapolis, IN; William Spring, Vice President, Federal Reserve Bank of Boston, and member, Boston Compact Board of Directors. Boston, MA; Cynthia Shelton, Private Initiatives in Public Schools, Seattle Public Schools, Seattle, WA, and Erik Payne Butler, director, Center for Human Resources, Brandeis University, Waltham, MA 171
  Prepared statements of:
    Ms. Dwyer 174
    Mr. Spring (with an attachment) 187
    Ms. Shelton 206
    Mr. Butler 214
Howe, Dr. Harold II, W.T. Grant Commission Chair and Senior Lecturer, Graduate School of Education, Harvard University, Cambridge, MA, accompanied by Dr. Samuel Halperin 156
  Prepared statement of Dr. Howe 159
Kolberg, William H., president, National Alliance of Business, Washington, DC, and David Ziska, community relations manager, IBM Corp., Miami, FL. 227
  Prepared statements of:
    Mr. Kolberg 240
    Mr. Ziska 268
Metzenbaum, Hon. Howard M., a U.S. Senator from the State of Ohio, prepared statement 155
Simon, Hon. Paul, a U.S. Senator from the State of Illinois, prepared statement 151

Wednesday, June 8, 1988

Page
McLaughlin, Hon. Ann, Secretary, U.S. Department of Labor, Washington, DC, accompanied by Roberts Jones, Acting Assistant Secretary, U.S. Department of Labor 342
  Prepared statement of Secretary McLaughlin 346
  Additional statement of Secretary McLaughlin, July 21, 1988 462
McDonald, Gertrude C., Chairman, National Commission for Employment Policy, June 30, 1988 465
McQuown, Barbara C., Director, National Commission on Employment Policy, Washington, DC, accompanied by Kay Albright, Deputy Director, NCEP; Glen Schneider, senior associate, ABT Associates, Inc., Cambridge, MA 367
  Prepared statements of:
    Ms. McQuown 371
    Mr. Schneider 389
Metzenbaum, Hon. Howard M., a U.S. Senator from the State of Ohio, prepared statement 357
Whittaker, David, executive director, Chicago Area Project, Chicago, IL; Jack Wuest, director, Alternative Schools Network, Chicago, IL; and Arturo Vazquez, director, Mayor's Office of Employment and Training, Chicago, IL 402
  Prepared statements of:
    Mr. Vazquez (with an attachment) 406
    Mr. Wuest 437
    Mr. Whittaker 448

Thursday, September 22, 1988

Barrios-Paoli, Lillian, commissioner, New York City Department of Employment, prepared statement 620
Faber, Eugene L., employment and training, Oyster Bay Consortium Service Delivery Area, prepared statement 617
Groninga, Hon. John, Representative, State of Iowa, for the National Conference of State Legislatures; Linda Woloshansky, executive director, Kankakee Valley Job Training Program, LaPorte, IN, for the National Association of Counties; William H. Kolberg, president, National Alliance of Business, Washington, DC; and Granville McCormick, chair, Seattle-King County Private Industry Council, Seattle, WA, for the National Association of Private Industry Councils 505
  Prepared statements of:
    Mr. Groninga (with appendix) 507
    Ms. Woloshansky 552
    Mr. Kolberg 564
    Mr. McCormick 587
Jones, Hon. Roberts T., Assistant Secretary for Employment and Training, Department of Labor, Washington, DC; accompanied by Patricia McNeil, Administrator, and Ray Uhalde, Deputy Administrator, Office of Strategic Planning and Policy Development 484
  Prepared statement of Mr. Jones (with an attachment) 490
Sawyer, Hon. Eugene, acting mayor, City of Chicago, on behalf of the National League of Cities, prepared statement 603
Simon, Hon. Paul, a U.S. Senator from the State of Illinois, prepared statement (with attachments) 472

ADDITIONAL MATERIAL

Articles, publications, etc:

  Section by section analysis of S. 1731 6
  Employment and training projects for youth, February 2, 1988, by U.S. Department of Labor Employment and Training Administration 35
  United States does little to train idle young people, by Keith McKnight, from the Akron Beacon Journal, Sunday, September 6, 1987 132
  Job isn't always a solution, some can't afford to work, by Keith McKnight, from the Akron Beacon Journal, Monday, September 7, 1987 136
  Can army of unskilled youth be redeemed? By Keith McKnight, from the Beacon Journal, Tuesday, September 8, 1987 139
  "The Forgotten Half," by William Raspberry, from the Washington Post, Wednesday, April 20, 1988 153

Articles, publications, etc—Continued — Page

- Where We Stand, by Albert Shanker, president, American Federation of Teachers, from the New York Times, January 24, 1988 — 154
- "Business and Education: The Demand for Partnership," from Business Week — 229

Communications to:

- Simon, Hon. Paul, a U.S. Senator from the State of Illinois, from:
  - John P. Thomas, executive director, National Association of Counties, August 25, 1988 — 627
  - Sar A. Levitan, August 3, 1988 — 630
  - Gertrude C. McDonald, chairman, National Commission for Employment Policy, June 30, 1988, and August 12, 1988 — 632
  - David E. Whittaker, executive director, Chicago Area Project, September 8, 1988 — 639
  - Jay R. Hedges, director, Illinois Department of Commerce and Community Affairs, August 12, 1988 — 644
  - Fred C. Feuerpfeil, director, Job Training Center, Washington County, August 18, 1988 — 657
  - Margaret M. Dwyer, director, the Indiana Partners in Education Program, August 11, 1988 — 664
  - Rev. Leon H. Sullivan, founder and chairman, OICS of America, Washington, Office, August 12, 1988 — 670
  - Erik Payne Butler, director, Center for Human Resources, Brandeis University, August 9, 1988 — 672
  - Norman C. DeWeaver, for the Coalition, Indian and Native American Employment and Training Coalition, August 11 — 674
  - Robert J. Ivry, senior vice president, Operations and Development, Manpower Demonstration Research Corporation, August 11, 1988 — 678
  - O. F. Wenzler, chairman, Greater Raritan Private Industry Council, Inc., August 11, 1988 — 681
  - Harold Howell, chairman, Youth and America's Future, William T. Grant Foundation, Commission on Work, Family and Citizenship, August 11, 1988 — 682
  - William H. Kolberg, president, National Alliance of Business, August 12, 1988 — 684
  - Glen Schneider, senior associate, Abt Associates, Inc., August 12, 1988 — 690
  - Charles D. Hughes, Jr., executive director, Community and Economic Development Association of Cook County, Inc., August 16, 1988 — 692
  - Larry Brown, president, Training and Employment Institute, August 12, 1988 — 695
  - Clifford M. Johnson, director of youth employment, Children's Defense Fund, September 12, 1988 — 698
  - Michael R. White, State Senator, Ohio Senate, August 17, 1988 — 706
  - Ronald H. Field, senior program director, Human Resources, National Conference of State Legislatures, August 23, 1988 — 711
  - Angelo A. Delligatti, supervisor, Oyster Bay Service Delivery Area, August 10, 1988 — 714
  - Cynthia Shelton, president, Private Initiatives in Public Education, August 12, 1988 — 715
  - Carol Linch, president, Women's American, Inc., August 10, 1988 — 716
  - Amy M. "Mik" Arnett, PIC director, Private Industry Council In., August 31, 1988 — 717
  - Charles A. Smith, chairman, KDK Private Industry Council, October 5, 1988 — 719
  - Ann McLaughlin, Secretary, U.S. Department of Labor, August 19, 1988 — 720
  - Sophie Masloff, Mayor, City of Pittsburgh, September 19, 1988 — 721
  - Herber J. Grover, superintendent of public instruction, State of Wisconsin, September 1988 — 723
  - Kurt L. Schmoke, Mayor, City of Baltimore, September 7, 1988 — 725

Questions and answers:

- Responses of Dr. Howe to questions submitted by Senator Quayle — 291
- Responses of Ms. Dwyer to questions submitted by:
  - Senator Simon — 296
  - Senator Quayle (with enclosures) — 298
- Responses of Mr. Butler to questions submitted by Senator Simon — 293
- Responses of Mr. Kolberg to questions submitted by Senator Quayle — 261

YOUTH EMPLOYMENT UNDER TITLE II OF THE JOB TRAINING PARTNERSHIP ACT

TUESDAY, FEBRUARY 2, 1988

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The subcommittee convened, pursuant to notice, at 9:35 a.m., in room SD-430, Dirksen Senate Office Building, Senator Barbara A. Mikulski, presiding.

Present: Senators Mikulski, Metzenbaum, and Specter.

Also Present: Senator Sarbanes.

OPENING STATEMENT OF SENATOR MIKULSKI

Senator MIKULSKI. Good morning. I would like to open officially the hearing of the Subcommittee on Employment and Productivity on the Youth Employment Services Act. We have many distinguished witnesses who I know are eager to testify, and I know that we have been very fortunate to have our own new Mayor from Baltimore, Mayor Kurt Schmoke, who is here to be introduced by our senior Senator from Maryland.

There will be other Senators and Representatives joining us, but I did want to open the hearing because I know that Senator Sarbanes needs to be over at hearings on the INF Treaty, and Mayor Schmoke has his own full agenda.

I note coming into the room is also my colleague, Congressman Kweisi Mfume, the chief sponsor of the bill in the House. The Committee welcomes you, Congressman Mfume, and also my very good friend and sponsor of the bill, Senator Metzenbaum.

As we begin today's hearings, I think we all realize that we face a serious problem—the growing number of unskilled, unemployed young people who are at risk of becoming a permanent, unemployable under class in our society. This is a compelling problem with no simple solution.

In preparing ourselves for the needs of the work force in the year 2000, we have to get the jobs ready for the kids, and the kids ready for the jobs. We cannot allow an entire part of the population to drop out of the employment picture and ultimately out of our society.

Today, the unemployment rate for inner city kids is greater than 40 percent. Functional illiteracy among this population is greater than 50 percent. Volunteerism cannot solve these problems alone, but certainly public and private partnerships can.

Without some efforts on our part, many of our young people will not be able to participate in the work force of the year 2000.

We are going to be analyzing the Metzenbaum legislation today, and we are going to be listening to ideas and solutions from very distinguished witnesses.

As we look at the people who are testifying, even sitting at this table here, now, we come to the United States Senate under historic situations. Some of us came to this country in slavery. Some of us came to this country in steerage. All of us are sitting at this table because for 100 years, America provided us with opportunity—often hard-earned and more often, hard-fought. But opportunity was there.

It is my concern that as we move now to the 21st century, opportunities will be shrinking; opportunities in which hard work and individual initiative will be thwarted because there is no system to support the kid with the special need.

America has special needs. It has a special need to be competitive in the year 2000. And our special needs can be met if we get hold of our kids and make sure that they have a future.

Having said that, I know that we will be looking at whether we should strengthen existing programs, shake up the current administration of the programs; or whether we need new structures and new programs.

I look forward to the testimony on this very vital issue, and I want to turn to the architect of the program that we are looking at today, the Youth Employment Service Act, my very good friend and my very good colleague, Senator Metzenbaum.

We know that he was delayed because of a special errand of mercy.

OPENING STATEMENT OF SENATOR METZENBAUM

Senator Metzenbaum. Thank you.

I want to say that this body just grew in such stature when the lady to my left became a Member of our group. She has made such an impact and is such a dynamic human being that I think without exception on both sides of the aisle—those on the other side have tremendous respect for her in one manner, knowing how tough and how effective she can be, and we on our side of the aisle not only have greater respect for her, but have tremendous affection and warmth. She has made her mark in a short period of time, and I am so pleased she is chairing this hearing.

With respect to this piece of legislation, let me say that I do not think anything has bothered me as much as having some young person, quite often a black young person, come up to me on the streets of Ohio—I remember a specific instance in Dayton; I remember another instance in Cincinnati. A young person comes up and says, "What are you going to do about helping me get a job, man?"

And I say to him, "I am going to try to help you. You can count on me. I am going to try to help you"—and knowing in my mind that I was not certain how I could do that.

Even today as I sit before you and offer this legislation, I am not going to claim that it is a panacea, that passing this bill will solve the problem. It won't.

The problem is as great as any challenge facing America. Everybody talks about the number one problem being balancing the budget. I remember years ago when I was a business person and our cities were being burned down—burned down in Watts and in Hough and in Detroit and in New Jersey. And there was a fear in the establishment, and the business community and the labor community and the government community all came together here at the Sheraton to form The Urban Coalition.

I was one of those brought in, and I remember turning to the man on my left and saying, "Where are you from, and what do you do?"

"I am the Chairman of the Board of Connecticut General."

And I saw up in front, Henry Ford was participating, and Walter Reuther was participating—and the power structure of America was there and had a concern because cities were being burned down.

And then there became a kind of kinetic effect to do something about it, to see that we do something about these young people. Well, we did something for a while, and then it has sort of just trailed off, and the problem of unemployment of young people has increased.

Our President came to our community the other day and talked about the fact that youth unemployment, black unemployment, unemployment generally has improved. He said that black employment in this country had increased 26 percent between the years 1982 and 1987. That just is not true; it just is not true. And certainly, the problem has been exacerbated as far as the young people of this country are concerned.

The Youth Employment Services Program proposal is to try some means, some methods, some efforts, to try to have an impact on this problem, to explore the issue, to do it with the business community and government and labor, all together. And I think we owe no less to ourselves, to begin with, but more particularly to the young people of this country, to give them a chance to participate.

I just want to say how pleased I am to see that paragon of virtue, unquestionably, if you had to talk about the three or four most respected Members of the Senate, you would have to include Paul Sarbanes' name in that group. He commands that respect for his integrity and his determination and his character above the flock. I am pleased to see he is here, testifying; I am also pleased to see the Mayor here, and my very good friend from Cleveland, Senator Michael White.

I am sorry I took so long, Madam Chairman, but I feel very strongly about this legislation.

[The full text of Senator Metzenbaum's statement and a statement by Senator Simon follow:]

OPENING STATEMENT FOR FEBRUARY 2, 1988 HEARING

TODAY'S HEARING ON THE YOUTH EMPLOYMENT SERVICES ACT--THE "YES ACT"--ONCE AGAIN FORCES US TO CONFRONT A PROBLEM THAT IS AS DIFFICULT TO SOLVE AS ANY ISSUE FACING THE CONGRESS: THE TRAGEDY OF YOUNG PEOPLE WASTING THEIR ~~LIVES WITHOUT SKILLS,~~ WITHOUT JOBS AND WITHOUT OPPORTUNITIES. IN RECENT YEARS THIS PROBLEM HAS REACHED EPIDEMIC PROPORTIONS, ESPECIALLY AMONG MINORITY YOUNG PEOPLE IN OUR URBAN CENTERS.

I WANT TO COMMEND THE SENATOR FROM MARYLAND FOR CHAIRING THIS HEARING. SHE HAS BEEN A TIRELESS CHAMPION FOR PEOPLE IN NEED IN OUR SOCIETY. I AM PROUD THAT SHE IS JOINING MY EFFORT TO GET THESE YOUNG PEOPLE OFF THE STREETS AND INTO THE WORKPLACE.

A YEAR AGO, I CHAIRED A LABOR SUBCOMMITTEE HEARING ON THE EXTENT OF THIS PROBLEM. FIVE TEENAGERS FROM OHIO TESTIFIED ABOUT THEIR DREAMS. THEY TALKED ABOUT BECOMING DOCTORS AND BUILDERS; ABOUT RAISING A FAMILY IN A NICE HOME, AND ABOUT GIVING SOMETHING BACK TO THE COMMUNITY. BUT THEY ALSO TALKED ABOUT BEING ABANDONED BY PARENTS, FORCED TO SURVIVE BY STEALING AND SELLING DRUGS, LIVING IN CARS, AND ALWAYS BEING TOLD "NO" WHEN THEY LOOKED FOR A JOB. A 16-YEAR OLD FROM CINCINNATI SUMMED UP HIS WAY OF THINKING:

> "I CAN'T SEE FIVE YEARS FROM NOW, I CAN'T SEE TWO YEARS. THE ONLY THING I LIVE FOR IS TOMORROW. I LIVE ONE DAY AT A TIME."

THAT IS A SAD AND DISTURBING STATEMENT FROM A 16-YEAR OLD YOUNGSTER WHO HAS A FULL LIFE AHEAD OF HIM.

THE "YES ACT" IS AN ATTEMPT TO RESTORE HOPE FOR THESE YOUNG PEOPLE. LET ME MAKE THIS CLEAR, THE "YES ACT" BY ITSELF WILL NOT SOLVE THE PROBLEM BUT IT IS A NECESSARY STEP IN THE RIGHT DIRECTION. EQUALLY CLEAR IS THAT THE FEDERAL GOVERNMENT CANNOT SOLVE THE PROBLEM ALONE, BUT THERE MUST BE A FEDERAL ROLE IN THIS EFFORT. WE MUST HAVE THE ACTIVE PARTICIPATION OF ALL MEMBERS OF OUR COMMUNITY--GOVERNMENT, INDUSTRY, LABOR, AND COMMUNITY GROUPS.

HELPING THESE YOUNG PEOPLE BECOME PRODUCTIVE MEMBERS OF OUR SOCIETY MAKES SENSE. RESCUING THESE YOUNG PEOPLE FROM THE STREETS IS NOT ONLY MORALLY RIGHT, IT MEETS THE NEEDS OF BUSINESS AND IT IS FISCALLY RESPONSIBLE. CORPORATIONS ARE DISCOVERING THAT IT IS INCREASINGLY DIFFICULT TO FIND EDUCATED, ENTRY-LEVEL EMPLOYEES. FOR EXAMPLE, NEW YORK TELEPHONE HAD TO INTERVIEW 90,000 APPLICANTS TO FILL 2,000 JOBS THAT DID NOT REQUIRE A HIGH-SCHOOL DIPLOMA BECAUSE 84% OF THE APPLICANTS FAILED THE EMPLOYMENT EXAMINATION. WE CANNOT HOPE TO IMPROVE PRODUCTIVITY AND REMAIN COMPETITIVE IF A GROWING PERCENTAGE OF OUR WORK FORCE CANNOT EVEN PERFORM THE MOST BASIC TASKS.

WE MUST ALSO UNDERSTAND THAT DOING NOTHING COSTS MONEY. ACCORDING TO A RECENT BUSINESS WEEK ARTICLE, EACH YEAR MORE THAN HALF A MILLION STUDENTS DROP OUT OF HIGH SCHOOL AND ANOTHER 700,000 WHO GRADUATE ARE "BARELY ABLE TO READ THEIR OWN DIPLOMAS." IN 1985, ACCORDING TO THE CHILDREN'S DEFENSE FUND, 43% OF BLACK MALE DROP-OUTS AGE 20 TO 24 HAD NO EMPLOYMENT EXPERIENCE WHATSOEVER. WITHOUT EARNINGS, PEOPLE TURN TO GOVERNMENT FOR SUPPORT, OR WORSE, THEY TURN TO CRIME. THUS, THESE SEVERELY DISADVANTAGED YOUNG PEOPLE COST SOCIETY BILLIONS OF DOLLARS A YEAR IN WELFARE COSTS, CRIME CONTROL AND FEDERAL TAXES. IF THE "YES ACT" CAN HELP EVEN A SMALL PORTION OF THESE YOUNG PEOPLE GET JOBS, IT WILL MORE THAN PAY FOR ITSELF AND WILL SAVE SOCIETY MONEY.

SOME HAVE QUESTIONED WHY WE NEED THE "YES ACT" WHEN WE ALREADY HAVE THE JOB TRAINING PARTNERSHIP ACT. THE ANSWER IS SIMPLE--JTPA DOES NOT ADEQUATELY SERVE THIS HARD-CORE POPULATION. THE NATIONAL COMMISSION FOR EMPLOYMENT POLICY, A GOVERNMENT COMMISSION RESPONSIBLE FOR EVALUATING JTPA, RECENTLY REPORTED THAT JTPA PROGRAMS ARE FAILING TO REACH THE SEVERELY DISADVANTAGED. AS THE COMMISSION CONCLUDED, "SOLUTIONS TO THESE MORE INTRICATE PROBLEMS WILL REQUIRE VERY INNOVATIVE THINKING AND PROBABLY MUCH MORE TIME AND MONEY, IF THEY ARE TO SUCCEED."

THAT'S WHAT THE "YES ACT" DOES. IT PROVIDES FEDERAL MONEY TO ENCOURAGE INNOVATIVE THINKING AT THE LOCAL LEVEL TO ATTACK THIS PROBLEM. THE BILL AUTHORIZES 75 TO 100 PARTNERSHIPS NATIONWIDE BETWEEN GOVERNMENT, COMMUNITY ORGANIZATIONS AND BUSINESS TO DEVELOP NEW APPROACHES TO DEALING WITH THESE YOUNG PEOPLE. EACH PARTNERSHIP CAN FASHION ITS OWN PROGRAM OUTSIDE THE CURRENT CONSTRAINTS OF THE JTPA SYSTEM. THE FEDERAL GOVERNMENT WILL PROVIDE SEED MONEY FOR THESE PARTNERSHIPS. THERE WILL BE FEDERAL MATCHING FUNDS FOR A BROAD RANGE OF PRIVATE SECTOR CONTRIBUTIONS, INCLUDING CASH OR IN-KIND CONTRIBUTIONS, JOB PLEDGES OR MENTOR COMMITMENTS. IN ADDITION, THERE WILL BE "SUCCESS PAYMENTS" FOR CONCRETE RESULTS--A BONUS FOR EACH LONG-TERM JOB PLACEMENT OR RECEIPT OF A HIGH SCHOOL DEGREE. BY COMBINING SEED MONEY, MATCHING MONEY AND BONUS MONEY, THE "YES ACT" LEVERAGES FEDERAL DOLLARS AND PROVIDES INCENTIVES FOR INNOVATION AND EFFECTIVENESS.

I LOOK FORWARD TO HEARING AND QUESTIONING TODAY'S WITNESSES. THE "YES ACT" IS BIPARTISAN LEGISLATION WITH 29 CO-SPONSORS. AFTER TODAY'S HEARING, I HOPE TO MOVE THE BILL QUICKLY THROUGH THE COMMITTEE THEN ON TO THE SENATE FLOOR. IT IS TIME FOR CONGRESS TO "JUST SAY YES" TO THE NEXT GENERATION OF AMERICAN WORKERS.

Section by Section Analysis of S. 1731,

THE YOUTH EMPLOYMENT SERVICES ACT

SECTION 1

Section 1 lists the title of the bill as the "Youth Employment Services Act of 1987."

SECTION 2

Section 2 creates a new Part H under Title IV of the Job Training Partnership Act by adding sections 491-499 at the end of current Title IV.

The new part H contains the following provisions:

Findings

Section 491(a) states the congressional findings concerning the changing nature of the American economy with a widening gap between the skills necessary for employment in the increasingly complex workplace and the minimal skills possessed by a growing number of young people. The findings state that current job training efforts have not been effective in bridging this gap for severely disadvantaged youth and that the business community, in partnership with public agencies and nonprofit organizations, should help provide intensive training services to these young people.

Purpose

Section 491(b) states that the purpose of this Act is to demonstrate the feasibility and cost effectiveness of providing employment training and services to severely disadvantaged youth through partnerships between the public sector, nonprofit organizations and the business community.

Demonstration programs authorized

Section 492 authorizes the Secretary of Labor to carry out employment opportunity demonstration programs for severely disadvantaged youth.

Eligible severely disadvantaged youth

Section 493 defines "severely disadvantaged youth" as an economically disadvantaged individual age 16-24 who: (1) has dropped out of school, or has finished school and possesses math and reading skills below an eighth grade level; (2) has not participated in an education or training program in the last nine months; and (3) has had less than 150 hours work experience in the preceding nine-month period.

Eligible partnerships

Section 494 states that to qualify for grants under this Act the applicant must form an eligible partnership with a public agency or private nonprofit organization and a business concern or business organization.

Uses of funds

Section 495(a) states the guidelines under which eligible partnerships may use funds. The overall guideline is that partnerships may use funds to provide any services deemed appropriate to further the successful long-term placements of participating severely disadvantaged youth.

Section 495 specifically authorizes the following services: individual assessments of skill levels and support service needs; intensive basic skills training in combination with vocational training or work experience; support services enabling a person to participate in the program; job development and placement services; monitoring and support services of participants for 18 months after the completion of the program, as well as providing assistance in retaining employment, or assistance in obtaining a degree from an accredited education program.

Section 495(b) defines the term "intensive basic skills training" as at least 200 hours of instruction, including computer-assisted instruction, to improve the reading, mathematics, writing, and language skills of severely disadvantaged youth.

Allocation and number of demonstration grants

Section 496(a) requires the Secretary to fund between 75 and 100 partnerships to conduct demonstration projects.

Section 496(b) states that the Secretary shall target service delivery areas (SDAs) most in need of assistance by considering such factors as the number of severely disadvantaged youth, the presence of special need populations, the unemployment rate among severely disadvantaged youth, and the degree to which severely disadvantaged youth are already being served.

Section 496(c) states that to the extent practicable, the Secretary shall assure that at least 25% of the funded partnerships include the private industry council as a member and at least 25% of the funded partnerships include a community-based organization as a member. The Secretary also shall assure equitable geographical distribution of assistance but 50% of the partnerships should serve SDAs with populations of 500,000 or more.

Partnership Agreements

Section 497(a) requires the Secretary to enter into 3-year agreements with the partnerships funded under this Act. The agreement must describe the private sector participation in the partnership as well as the outreach, training, job development, support services, and other activities for which assistance is sought. The Secretary must obtain assurances that the partnership will serve only eligible "severely disadvantaged youth" as defined by section 493, pay the non-Federal cost of the program for 3 years, and inform the local private industry council of the partnership's activities.

Section 497(b) states that nothing in this part affects the obligation of the private industry council to serve disadvantaged youth pursuant to title II of the Job Training Partnership Act.

Funding Mechanism

Section 498 establishes three different types of Federal payments to the partnerships--seed money, matching funds and success payments. The federal government will pay for 80% of the program cost with the private sector contributing the remaining 20%. Of the 80% federal share, 30% is earmarked for seed money, 20% is for matching funds, and 30% is reserved for success payments.

In the first year of the program, the federal government will provide each partnership with 20% of the 3-year program costs for seed money. In each of the second and third years of the program, the federal government will provide an additional 5% in seed money. The 20% federal matching funds are available in the second and third years of the program provided that the partnership obtains private sector contributions of at least 20% of the program's cost.

The Secretary shall also pay success payments equal to 15% of the partnership's cost per participant or $1500, whichever is less, for each "initial successful placement" or "extended successful placement."

An "initial successful placement" is defined as 6 months full-time employment after completion of the program, or receipt of a high school diploma or equivalency certificate within 6 months after completion of the program.

An "extended successful placement" is defined as 12 months full-time employment after completion of the program; 6 months full-time employment (or full time attendance at an accredited higher learning institution for 6 months) after receipt of a high school diploma or equivalency; or receipt of a high school diploma or equivalency within 12 months after completion of the program.

Section 498(c) states that the Secretary may use any funds not paid as success payments to provide incentive grants to eligible partnerships that are the most effective at completing extended and initial placements, or provide technical assistance to partnerships that are least effective at completing these placements.

Evaluation and report

Section 499(a) states that the Secretary shall conduct or provide for an evaluation of the success of the demonstration programs funded by this Act. The factors to be considered should include the level of utilization by eligible participants; the impact and cost effectiveness of providing these services to severely disadvantaged youth; the impact on specific target groups; the participation level by the business community; and the comparative effectiveness of different types of entities involved in the partnerships.

Section 499(b) states that the Secretary shall prepare and submit an evaluation report, including recommendations for legislation, to the Congress no later than the fourth quarter of the third fiscal year for which appropriations are made under this Act.

SECTION 3

Sec. 3(a) of the Job Training Partnership Act is amended to include authorization for appropriations of $100 million for fiscal year 1988 and $150 million for fiscal years 1989 and 1990 to carry out provisions of Part H of title IV. The Secretary shall not be allowed to use more than 10% for administration and evaluation.

Opening
Statement of Senator
Paul Simon (D. Il.)
Hearing on S. 17.31, The Youth Employment Services Act of 1987

I am pleased to welcome each of the witnesses to the Subcommittee on Employment and Productivity. I want to commend Senator Mikulski for agreeing to chair today's hearing on S. 1731 and Senator Metzenbaum for his leadership in seeking solutions to the problems of providing unemployed youth with the education and training they need to gain full-time employment at a living wage.

While Title II of the Job Training Partnership has been somewhat successful in addressing the employment needs of the so-called 'hard core' unemplolyed -- those with the least education and fewest marketable skills -- it is clear that the current problem is larger (and growing) than the solution.

A critical part of the unemployment problem among our youth is the absence of basic literacy skills among unemployed youth. The rising drop-out rates in many of our "majority-minority" urban school districts will certainly add to this potential human casualty list. Equally important, in my view, is the challenge of adding to the skill levels of those unemployed and employed to meet the challenge of tomorrow's work force.

Former Labor Secretary Bill Brock stated the problem clearly -- Americas's economy is facing two human resource trend lines - the supply of unskilled (and often uneducated) labor is going up and the demand for unskilled labor is declining. Between now and the year 2000, employment in professional and managerial jobs will incrase by 5.2 million, while operative and laborer positions grow only 1.3 million. Minorities, especially black Americans and Hispanics, dominate this pool of unwanted and increasingly unused labor.

Further, the Department of Education estimates that about 72 million - adult Americans over 17 - one ouf of every three - lacks the basic reading and writing skills they need to find work, and that number is growing by 1 million each year. Equally critical, these young peoplehave never had a job and lack good work habits such as punctuality, dependability and appreciation of producing a quality work product.

Senator Metzenbaum's YES Act takes one approach -- it seeks to target Title IIA demonstration funds on "hard-to-serve" youth and pay the added cost of serving these young people. S. 1731 targets funding through a formula on certain types of geographical or governmental areas with large concentrations of eligible young adults, as a co-sponsor of S. 1731, I support the

Paul Simon

need to increase funding for and target additional resources on the hard to serve. However, a demonstration program is not necessary. What is needed is a discretionary grant program which allows the Secretary of Labor to provide matching grants to SDA's (service delivery areas) in the exact way outline in S. 1731. Local government must paly a leade role, with the privator sector and community-based organizations as key partners. I do not want to alter the basic vormula or existing performance standards now to address this critical need. The Subcommittee will hold hearings later this session on how well current Title IIA programs are serving this population. Formula mofidications should wait until reauthorization of the basic statute and a forthcoming report, by the National Commission on Employment Policy.

I look forward to working with Senator Metzenbaum and Senator Milkulski to revise S. 1731 along these lines. The partnership concept is essential if we are to move the problem of youth unemployment.

Senator MIKULSKI. Thank you very much, Senator Metzenbaum. Your remarks were most eloquent.

I think we want the record to show that this hearing is really being held through the initiative of Senator Paul Simon, its chair, who, though in Iowa now, campaigning, certainly has his commitment in this issue.

This bill enjoys bicameral support, and we are fortunate today to have the chief sponsor in the House, Congressman Kweisi Mfume, one of our colleagues in Maryland.

Congressman, would you like to say a few opening remarks for our record, and then we will turn to Senator Sarbanes.

OPENING STATEMENT OF CONGRESSMAN MFUME

Mr. MFUME. Thank you very much, Madam Chair.

Let me, if I might, preface those remarks on a point of personal privilege and to commend you for convening this hearing, for assembling a fine panel of witnesses, but even more so for being so supportive as you have been on this legislation and on similar pieces of legislation that feed so very much into the needs of our young people in the society and speak to a large extent to how we go about addressing those needs.

Members of the Subcommittee and others who are here, let me thank you again for the opportunity to join you this morning in discussions about the Youth Employment Services Act of 1987.

I would like to commend Senator Metzenbaum for introducing the legislation and also for allowing me the opportunity to take the lead on the House side, particularly as a freshman member of that body, with the introduction of H.R. 3671, companion legislation.

I believe that everyone here is aware of the challenge that we face as a Nation today to find a way to curb the terrible waste of human potential that we all too often know is caused by the Nation's high dropout rate and by its illiteracy; and for too long, I think we have used a whole array of excuses to shirk that responsibility. In the process, we have contributed to our Nation's sinking competitiveness and rising deficit.

The most basic link to our continued prosperity as a Nation and leadership as a Nation is, I think, the preparation of our children to meet the demands of a rapidly changing domestic world marketplace. Our very national security and our survival depend, then, on making and on following through with this very real commitment.

There is a desperate need for legislation of this type, obviously, especially in our cities, where the unemployment rate for young people exceeds 40 percent, and the rate of functional illiteracy approaches 50 percent. And every year, more than 700,000 students drop out of school. That dropout rate exceeds 50 percent in some cities.

In addition to the lack of employment skills, many of those young people then are beginning to abandon hope of ever becoming productive and valued members of their communities.

In my City of Baltimore, there are these kids who turn to drugs and crime and social dependency and who begin to accept this life and this notion of a burdensome despair.

The Youth Employment Services Act in proposing to create, then, a three-year national demonstration program involving up to 100 private and public partnerships that will provide intensive training and employment opportunities to unskilled and unemployed young people, will provide us, I believe, with the opportunity to determine which programs will best lead youth to successful job placement or advancement in education.

And so, this legislation is really designed to reach those who are most in need of the resources that we have as a Nation, and also to address more fully the problem of youth unemployment.

As the President spoke to all of us of the state of the Union last week, he described our Nation as "a shining city on the hill." His address reminds me of an old Charles Dickens tale, "A Tale of Two Cities". Our President boldly and, I think, inaccurately claimed that America's poor climbed out of poverty at the fastest rate in more than ten years.

The President failed, however, to mention that while the annual dropout rate may have improved somewhat, more young people, even those with high school diplomas, are in fact unemployed.

There was no mention about the percentage of poor children and homelessness; delinquency rates are increasing; single-parent families and those sort of households are becoming the norm; infant mortality continues to rise, and our Nation has the highest rate of teenage drug use of any industrialized nation in the world.

So then, the prospect of structuring and even more so effectively delivering education and employment opportunities to young people is distressing. But equally bleak, and perhaps even more staggering, are the consequences of failing.

So I believe that if we and others move to provide leadership, the opportunities to address the problem of at-risk youth we will find are endless. And I respectfully submit that Congressional leaders and the President must be prepared to seize this opportunity by agreeing to enact the Youth Employment Services Act described in Senate Bill 1731 and House Bill 3671.

So Madam Chair, I conclude my formal remarks. I look forward to the testimony of our distinguished senior Senator from the State of Maryland, who I know feels very strongly and passionately about this legislation, and as we hear also from our Mayor, who has sojourned here this morning to be on the record in a very real way as to why we must move as a Nation against this very real problem that plagues many of our urban cities.

Thank you very much for the opportunity, Madam Chairman, and I look forward to the testimony.

Senator **Mikulski**. Thank you. We are happy to have you, Congressman.

Senator Metzenbaum, we are going to put your official opening statement in the record in the appropriate place. It has excellent anecdotes and hard-hitting facts.

Senator **Metzenbaum**. Thank you.

Senator **Mikulski**. Now we would like to turn to our witnesses. I would like to acknowledge our senior Senator from Maryland, Paul Sarbanes, a long-time advocate for creating opportunities with particular attention to young people.

Senator Sarbanes, I know you want to introduce our Mayor.

OPENING STATEMENT OF SENATOR SARBANES

Senator **Sarbanes**. Madam Chair, I am very pleased to have this opportunity to come before this Subcommittee. I want to thank you and Senator Metzenbaum for your very strong leadership in this critical area and also to recognize the extraordinary role which Congressman Mfume is playing with respect to this legislation on the House side.

It is a very powerful team lined up behind a necessary and essential concept, and I am very hopeful that we are going to be able to move it through the Congress and into enactment.

I would like to make one diversion just to observe, because both Senator Metzenbaum and Congressman Mfume talked about the President's recitation of employment figures and in your instance, the improvement in poverty statistics. It is very interesting. I have been watching that. They invariably take as the baseline for comparison when they do that the years 1981 or 1982 when the United States was in the deepest recession since the 1930s. In other words, the unemployment rate under the first Reagan Administration went up to 10.8 percent.

It has only now, in the last few months, gotten back to what it was before that Administration began. So if you take the deepest point in terms of lack of employment as your comparison base, obviously, you can show a better record in terms of having come out of that recession.

It masks, however, the underlying realities which are continued, serious employment problems, particularly for certain elements in our society. And as Senator Mikulski and Senator Metzenbaum and Congressman Mfume and Mayor Schmoke and Senator White all know, those of us who walk the streets of our cities know just how real this problem is. The example which Senator Metzenbaum cited of young people coming up to him is something that is common to the experience of all of us, and this legislation is obviously designed to address that problem.

I am delighted that Mayor Schmoke will be leading off the testimony on behalf of the U.S. Conference of Mayors. We have been friends for a long time. He is a product of the public school system of Baltimore City. He went on to Yale and then to Oxford as a Rhodes Scholar, and then to the Harvard Law School, but it all began in the City public school system, and we are very proud of that fact, and I think it is significant in terms of the legislation that you are considering.

The Mayor, who has been Mayor now for just two months, early on recognized in his campaign—indeed, it was the theme of his campaign—to place education at the very top of the priority list. The education of our young citizens was the cornerstone of that campaign effort, and he has recognized from the beginning the necessity of making our young people jobs-ready.

Immediately after he was sworn into office on the 8th of December, Mayor Schmoke developed a working group of business leaders, educators and community leaders to focus on the educational needs of Baltimore's young people, forming The Greater Baltimore Committee, which is the corporate leadership in our community; the Private Industry Council; the school system and manpower officials, and built the Baltimore's United in Leadership Development, which is one of the really unique and outstanding community movements in the country. They have been given the task of concentrating on what it will take to get students ready to take their position in the employment market.

I think we will have an aggressive and creative way to respond to their needs.

It is our responsibility at the Federal level obviously to develop an approach which is supportive and serves as a catalyst for such efforts at the local level. We have seen in recent years the Federal role diminish with respect to the funding of youth employment opportunities. Baltimore today is receiving about one-third the amount of funds for youth programs that it was receiving in 1981.

This legislation embraces a very important principle, which we have consistently recognized and acted upon in Baltimore, and that is the necessity for partnership, public and private, local, State and Federal. And this legislation reaffirms the necessity of that partnership and the role of the Federal government in it.

The objective of preparing our young people for the job market is critical—critical—to the future of our country and absolutely essential to the future of our cities. I cannot think of anyone better-equipped to speak to us this morning about it than Mayor Schmoke, and I am very pleased to have this opportunity to present him to the Committee.

Thank you very much, Madam Chair.

Senator **Mikulski**. Thank you.

Mr. Mayor, we now come to you, and of course, we want to give a particular welcome to Senator White, the Assistant Minority Leader of the Ohio Legislature.

Mayor Schmoke, we understand this is your first testimony before the United States Congress, but the way you are moving, I know it will not be the last.

We are very happy to hear from you.

STATEMENT OF HON. KURT SCHMOKE, MAYOR, CITY OF BALTIMORE, MD, ON BEHALF OF U.S. CONFERENCE OF MAYORS, AND HON. MICHAEL R. WHITE, STATE SENATOR, CLEVELAND, OH

Mayor **Schmoke**. Thank you very much, Senator Mikulski, Senator Sarbanes. I appreciate the introduction. And Senator Metzenbaum, Congressman Mfume, it is very good to be here this morning.

I am here not only representing my constituents in Baltimore, but am very honored and privileged to represent the U.S. Conference of Mayors.

I first of all want to indicate to the Subcommittee that the U.S. Conference of Mayors strongly supports the Youth Employment Services Act, Senate Bill 1731. There are a variety of reasons, both policy and technical, why the Conference of Mayors supports this legislation, and I will be brief in outlining some of those reasons.

I have presented to the Committee a formal statement. I will not go over all of that, but I do want to digress just for a moment because Senator Sarbanes indicated I have only been Mayor for a couple of months, but I bring to this position and to this particular bill a kind of unique perspective, I guess shared somewhat by Senator Specter, in that I for four and a half years was the local prosecutor in my city, and then before that, an assistant U.S. attorney. I recognized from that experience that the most effective crime prevention tools were not more police and prosecutors, but the most effective crime prevention tools were good education and a good job, and this particular legislation underscores that point and, I believe, goes at a very tough problem in a way that I believe offers promise for a solution in the future.

The Conference of Mayors supports the bill for several reasons. First of all, it targets a young population that needs intensive service, that is, the severely disadvantaged young people in the age group 16 to 24.

The bill encourages local innovation and partnerships between the public and private sector, and it rewards those successful partnerships.

The funds, most importantly, are targeted directly from the Federal government to the areas most in need. We have seen a variety of circumstances in which money from various job programs was scattered around, not directly targeted to those areas in most need, but we are pleased that this particular legislation takes the approach of targeting the areas of most need.

It is important also for us to underscore the fact that the partnership approach does work. All of you have indicated from your various experiences the critical need that has developed—that is, the high rates of unemployment for teenagers in general, for minority youth in particular. We also have unacceptably high rates of functional illiteracy in our communities, and all of us are concerned about this widening gap between the jobs that are available and will be available in the future and the skills that our young people possess.

We in Baltimore have tried a variety of innovative programs using funds from the Job Training Partnership Act, and we believe we have some successful models that can be improved upon by the passage of this legislation.

We have, for example, developed a commitment from our private sector, working together with the Department of Education and others, to provide college opportunities for our graduates and jobs for our young people, not only those who are gifted and talented, but those who have been severely disadvantaged.

We have a summer jobs program that also involves a partnership between the public sector and private sector, using the basic funds from JTPA.

And we have alternative remedial programs which each year serve approximately 1,000 dropouts, that is, 1,000 young people who re-enroll in programs that were funded by Federal funds, and these programs provide basic skills remediation, work experience, counseling, and support services.

This particular legislation will target more funds to urban areas to address critical problems. It will also allow us to expand upon the programs, because we know that training is not the only answer. We need an intensive support program of daycare and counseling, computer-assisted remediation, vocational training, and offering some stipends as an incentive to our young people. This particular legislation would provide for those expanded activities.

There is one area that I should mention of some concern to us as I have reviewed the legislation at this point. It deals with the funding formulas.

As I said, we are pleased by the fact that the funds will be targeted to areas of most critical need, but the actual formulas themselves at this point seem to be very confusing. And we would hope that the Subcommittee would address that particular problem.

Senator **METZENBAUM**. Excuse me, Mayor Schmoke. My staff tells me we have already moved forward to make those changes, and we think there is merit to your point.

Mayor **SCHMOKE**. Thank you very much, Senator.

Also, there is a section in the bill that would relate to those who would be entitled to apply for the grants. We know that in a variety of cities, there are private groups as well as other public agencies that would like to apply for experimental job training programs. We believe that all grants should be approved either by the Mayor or the Private Industry Council in a particular area in order to bring some coordination to the services that are provided and to improve the delivery of those services.

With that, I will simply indicate that I support the recent statements made by the Secretary of the Department of Labor when she indicated that we should be more innovative and aggressive in our job training activity. I believe that the Youth Employment Services Act goes along with that commitment and really shows that the Federal government is behind these particular programs.

Senator **MIKULSKI**. Thank you very much, Mr. Mayor, and your statement in its entirety will be entered into the record.

[The prepared statement of Mayor Schmoke follows:]

STATEMENT BY

THE HONORABLE KURT SCHMOKE
MAYOR OF BALTIMORE

on behalf of the

UNITED STATES CONFERENCE OF MAYORS

before the

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

FEBRUARY 2, 1988

Senator Mikulski, and members of the Subcommittee, I am Kurt Schmoke, Mayor of Baltimore, and I am here today representing the United States Conference of Mayors. I am glad to appear before you and commend you for holding this most important hearing. Indeed, this is the first time that I have testified before Congress since I became Mayor of Baltimore, and I can think of no more important topic to begin with than unemployment among disadvantaged youth. This problem is a tragedy for those whom it affects and bodes poorly for the future of our nation. I commend Senator Metzenbaum, and the other senators, for sponsoring legislation that would help us in the nation's cities to address this serious problem. I am particularly pleased that Senator Mikulski is presiding today for Senator Simon. I wish to thank both Senators Mikulski and Sarbanes from our own city and state for co-sponsoring this legislation.

Be assured that I, along with the U.S. Conference of Mayors, support the proposed Youth Employment Services Act. We like the fact that:

- It is a highly targeted program which aims to serve those who need intensive service and are not adequately served now by the Job Training Partnership Act,
- it is a discretionary grant program which encourages local innovation in program design,
- it presents a challenge to the public and private sectors to work together,
- it rewards success, and
- it provides direct funding from the federal government to local governments and agencies.

Let me review with you some disturbing national statistics that will emphasize why the need for such legislation is so critical:

- The teenage unemployment rate was 16.8 percent in November 1987, nearly three times the national average for all age groups. The official jobless rate for black teens stood at 34.3 percent. We all know that this does not count those who have become discouraged and no longer look for employment.
- More than a third of all teenagers in low-income urban neighborhoods could not find work in 1986. Nearly half of all black youths in such communities were unemployed.
- Every year across the nation 700,000 students age 14 and older drop out of school. The dropout rate for white students is nearly 14 percent, for blacks 18 percent, for Hispanics 28 percent. When poverty rates are controlled for, however, black and white dropout rates are essentially identical. Regardless of race, youths from poor families are three to four times more likely to drop out of school than those from more affluent households. Among minority youth in the urban areas, half of the ninth graders will not reach graduation.
- Dropouts are 2.5 times more likely to be unemployed than high school graduates. Only one in five low income dropouts worked full-time in 1985.
- One out of every eight 17 year olds in this country is functionally illiterate. For minorities and the poor, the rates are significantly higher — approaching 50 percent for inner city youth.

Although 51 percent of JTPA's eligible population are high school dropouts, only 28 percent of JTPA participants (both youth and adults) are dropouts. Both the pressures of JTPA performance standards and inadequate funding levels have resulted in this population of youth being totally underserved.

The high dropout rate, the high rate of functional illiteracy and the high rate of unemployment among low income, young people today constitute a national tragedy which will likely become worse in the future. This is more than just a social issue — it's an economic one. Much has been written lately about the projected demographic trends and shifting industrial base. These trends suggest that we will be facing a labor market mismatch of unparalleled proportion. The emergence of unanswered help wanted signs in the suburban fringes in the midst of high unemployment in the urban cores gives credence to these projections.

Can this nation's economy, which will be generating entry level jobs requiring increasingly higher levels of basic skills, afford to continue to allow this alarming number of youth to disconnect from the mainstream of the labor force? Can our metropolitan areas with 2% and 3% unemployment rates and exhausted labor pools afford to ignore the youth in our urban cores?

There is so much more that needs to be done; consequently, the legislation, Senator Metzenbaum and others are sponsoring, is most important. It is aimed at helping the young people who account for the statistics I just cited — those who are poor, have dropped out of school, are functionally illiterate, are unskilled, or are unemployed. It throws down the gauntlet to the private sector. And it encourages the development of locally-designed public-private partnerships to provide training and employment to these young people. Baltimore is known for its strong public/private partnerships. Our private sector stepped to the forefront to create the Blue Chip-In program when federal budget cuts slashed job opportunities for disadvantaged youth. We have our Commonwealth agreement in which the private sector is committed to developing employment and college opportunities for our graduates who perform satisfactorily in school. We have a strong and active Private Industry Council. I intend to build on this foundation and to ask our private sector to do more.

What would a program like this mean to Baltimore? Let me first state that the job training system in Baltimore has established a reputation both for its creative models for serving at risk youth, as well as for its public/private partnerships. We fund an alternative high school which allows dropouts to re-enroll in a non-traditional program of education and work experience. Using JTPA funds, we also have created a centrally located learning center which provides dropouts with a highly supportive program of computer-assisted instruction, work experience and counseling. We've learned from experience that the models that work best must include individualized assessment, individually paced remedial instruction, one-on-one counseling, work exposure, financial support and transition support into the labor market.

We also know that one important solution is prevention. In an effort to impact upon the dropout rates, JTPA provides funding for our FUTURES program which identifies eighth graders whose profile suggest that they are destined to drop out. This program is designed to provide for a four year program of support including four components: year-round computer-assisted remediation, a program of character development, work experience, and a staff advocate. We know from experience that these types of interventions can be successful, and we also know that the existing needs are far greater than the resources currently available.

This legislation would give us the opportunity to expand these models; to do greater outreach, to incorporate day care and other support services and to engage the private sector in a much more meaningful way.

The Conference of Mayors has concerns on funding levels and allocations. So often, well intended legislative efforts lose their impact because of ill-conceived funding formulas. Baltimore City, despite its tremendous need, experiences funding cuts every year because the formula targets funds based on Maryland's aggregate statistics. It ignores the fact that nationally there are urban areas suffering in the midst of statewide prosperity. Our summer funds from 1984 through 1987 dropped from $4.8 million to $3.3 million. There needs to be a rational way of targeting funds to the areas most in need and a way of assuring relative stability of funding.

Secondly, the funding formula proposed in the legislation seems to be much more complex than is necessary. The private sector is wary of becoming entangled in bureacratic red tape and confusing regulations. We feel that a straight forward federal/non-federal matching ratio which requires that a certain portion of the local funds be contributed by the private sector would be much simpler than the method currently suggested in the legislation. In addition, we would suggest that the 30% that would be set-aside for bonuses be used for start-up costs in the first year and be used for program expansion in the second and third years, rather than just to enhance the federal/non-federal ratio.

In addition, there is one administrative requirement that we would add. The mayor and the Private Industry Council should be notified of any applications made by agencies in his or her city, and sign-off by the mayor and the Private Industry Council should be required as part of the application process. That will help to ensure that any proposed program complements existing employment and training efforts.

Just last week the Secretary of Labor, Ann Dorr McLaughlin, addressed the mid-winter meeting of the U.S. Conference of Mayors. She charged us, the nation's mayors, to make sure that the citizens of our cities are prepared for the jobs of the future. She said: "The extent to which you can work with union, community, business and school leadership to provide creative approaches for educating the coming generation, to narrow that skills gap that we see, you will be building a base for your city's immediate and future prosperity and for the nation's competitive position abroad." The Youth Employment Services Act would provide us with some of the resources we will need to meet the Secretary's charge.

Thank you for the opportunity to appear before you this morning. I will be pleased to answer any questions you might have.

Senator MIKULSKI. Senator White, we are now looking forward to your testimony, which I notice is quite extensive. Would you care to summarize it? Your entire statement, including the excellent statistical documentation, will certainly be included.

But Senator, we welcome you, and we look forward to hearing your comments.

Mr. WHITE. Thank you very much, Chairperson Mikulski, and to my Senator, Senator Howard Metzenbaum, Congressman Mfume, and also to Mayor Schmoke.

First of all, let me indicate that I consider it to be an honor and a privilege to come before this Committee today to talk about an issue which I think speaks to the very roots of America, and that is the employment of our young people.

I represent half of the City of Cleveland and several surrounding eastern suburbs, and while I have not seen the exact young people that Senator Metzenbaum talks about, I have seen others. I have talked with parents. I have heard their concerns and their fears about the future in terms of the employability of their young people.

I would indicate to you that as a State Senator from Cleveland, we have a very serious problem as it pertains to youth unemployment. Not only is it a problem in terms of unemployment; it is a problem in terms of poverty.

I think it is important to note some very important parts of the bill that we concur in and support. First of all, the fact that the bill targets the economically disadvantaged and the so-called "hard-to-place" youth—that is a group that has participated as a whole far below the national level in terms of employment.

Second of all, an area that we feel is most vital is the fact that it designs more comprehensive strategies to improve the long-term employability of the hard-to-place. There have been many reviews of the JTPA program, and one of the reviews that I have consistently seen is that it lacks the basic support mechanisms necessary to assure success in the employment arena. These include the remedial kinds of work, the assistance with transportation and also day care services and basic skills training.

We believe that these services are essential adjuncts to employment training for the hard-to-place, and in Cleveland, there has been a success story. That success story is Cleveland Works. Cleveland Works is a program that has shown consistently over time that it can identify individuals within our community, primarily women, primarily from the minority community, and it can, through a comprehensive program of employment training and ethic training, deal with their employability for the future.

I think when you talk about the need to employ youth, you must also not only talk about their skill level, but you must talk about the ethics that they bring to the table. Strong skills and a poor work ethic will not create a success for that particular individual.

The conditions specified in this particular bill can in fact work, as demonstrated by our experience in Cleveland. In Cuyahoga County, which encompasses a large part of my district, statistics indicate that poverty has increased by 38 percent between the year 1980 and 1987. The number of individuals which that represents is

69,555, even though an additional 43,000 persons moved out of the county.

The point to these statistics is very clear, that the problem of poverty in Cuyahoga County due to the out-migration of manufacturing and other out-migration of industry, is very severe. That kind of unemployment problem will not be solved through a helter-skelter, patchwork quilt of employment programs.

There are two critical goals that I think are embodied in Cleveland Works that I would draw your attention to. First of all, it provides aid for the AFDC recipients, which helps them break out of the welfare cycle by training and motivating them to be involved in a full-time job, and it provides the critical health care benefits that are necessary.

Second of all, it provides valuable resources for Cleveland employers in need of hardworking, dependable, trustworthy employees. Cleveland Works actually operates as the mechanism between that unemployed individual and the employer by the establishment of an employer's bank. To this date, Cleveland Works has found over 300 graduates jobs in Greater Cleveland. Over 60 percent of those involved in the program have graduated.

Even more astonishing in Cleveland is the fact that prior to this program, individuals placed in unsubsidized jobs had been on welfare for an average of over four straight years. As I indicated earlier, Cleveland Works primarily deals with the needs of woman and minorities. Ninety percent of those participating in the program have been women.

While this program restores an individual's dignity by enabling that person to participate in the society, there are also governmental savings. The State of Ohio estimates that it has saved in the first year of employment over $4,386 due to the fact that that individual is no longer on the welfare rolls.

We would draw your attention to two suggestions this morning. First of all, we believe that there needs to be a provision for a market analysis of the job opportunities in that area. In the geographic area to be served, it is important to know what jobs are available and what employers are looking for in the way of employees.

Second of all, an effort needs to be made to secure job placements which pay an hourly rate that will place the individual family above the poverty line and which will provide health insurance benefits.

The key to youth employment programs and employment programs in general has to be to ensure that the person obtains a job that places him or her above the poverty level and that he or she will have health benefits. Many individuals that have been interviewed by employment programs have said that the provision or the lack of provision of health benefits in a particular job setting is a detriment to them considering full-time employment.

The effects of being economically disadvantaged are cumulative and result in complex problems. I would draw your attention to the Minneapolis Business Community Employment Alliance. It is an organization of business, government, and civic leaders who concluded that the crux of the long-term unemployment problem stems mainly from a lack of job skills, poor health and other handicaps, and for the hard-to-employ adults, these problems begin before adulthood.

I think there is a correlation between what Minneapolis has found and what Mayor Schmoke spoke about a few moments ago in terms of the needs to focus on the critical problem of education.

In Cleveland, there is a Committee for Economic Development. It has outlined three important strategies which I think are important to outline to you this morning.

First of all, they believe that prevention through early intervention with programs that focus on children from birth to five and on teenagers who are most at risk of premature parenthood are essential.

Second, that restructuring the foundations of education through changes in the structure of staffing, management and financing of schools is critical.

And third, that the retention and re-entry through programs that combine employment, health and social services for students still in school and for dropouts is critical.

This organization draws a parallel between employment and the need to structure and strengthen the educational environment that our youth in fact are involved in.

So in closing, let me say that we cannot afford to throw away the key to our future and future generations. We need to support equal access to employment, housing, education, health care and child care as a means of promoting the stability of our families and our Nation's economic growth.

Through these measures, we can reclaim the youth we have lost to the perils of economic disadvantage. I urge you to support Senate Bill 1731.

Thank you.

Senator MIKULSKI. Senator Metzenbaum, as the architect of the bill, we will turn first to you for questions.

Senator METZENBAUM. Thank you very much, Madam Chairman.

Mayor Schmoke, Secretary McLaughlin recently called on the Nation's Mayors to develop innovative programs to help unskilled young people get jobs. What do you think the Federal role should be in this effort to help these young people, and can the Mayors do it on their own?

Mayor SCHMOKE. Thank you very much, Senator.

I believe that the Secretary was correct in calling upon us to be more creative and innovative in our approaches, but I think the most important word to emphasize throughout is "partnership" and the partnership has to be with the Federal government as well as local government and our private sector.

There is a very significant role for the Federal government to play, and I guess the statistics that I should underscore are these, that over the last six years, we have seen a decline of Federal resources targeted to Baltimore, at least, for youth-specific job training programs. That decline has been from almost $10 million down to almost $3 million, and yet the need is still there, and it is still great.

Also, it is important to understand that for our entire job training system in Baltimore, ten years ago we had over $100 million for that system, and today we have less than $11 million. So it will take a variety of additional resources, and they must come from the Federal government.

We have been very creative in the use of existing funds, but even with a whole system of remedial programs for young people, we can only serve about 1,000 young people with these services, and we have approximately 5,000 dropouts in our city alone annually. So you can see that the gap exists. And if we had additional resources, using our creativity, we could serve this population better.

So that yes, indeed, the Mayors have a role to play, but the Federal government has a very distinct role to play in this partnership.

Senator METZENBAUM. Do you feel that the Federal government is being penny-wise and pound-foolish when it comes to allocation and support for programs of this kind, in view of the enormous cost to a community for welfare, for crime control and lost taxes of young people not being able to get a job—in short, it seems to me that the Administration program is being obtuse, and it just does not zero in on the real issue. You save "x" dollars, and you wind up paying 10, 15, 20 times "x" in the costs that result from the failure to bring these young people into the mainstream of our economic society.

Mayor SCHMOKE. Well, Senator, I do believe that prevention is the key, and I believe that State Senator White has indicated in the successful programs in Cleveland and the ones that we have in Baltimore, that if we can get to families and young people early—the success has been demonstrated through Head Start—if we can get to them early, we do not have to make the investments in welfare and in prison populations, things of that nature, later on.

So yes indeed, I believe that what we are trying to say is that there are some Federal programs that have been very successful, and if we channel our resources along those lines, that we will see even greater success in the future.

Senator METZENBAUM. Thank you very much.

Senator White, first, let me tell you how much I appreciate your interrupting your own busy schedule to be with us. I know that it was at some personal inconvenience, but I think that your testimony is important, not only by reason of your role in the Ohio Senate, but your role as a leader in the Cleveland community.

Mr. WHITE. Thank you, Senator.

Senator METZENBAUM. The YES Act requires the formation of partnerships between the public and private sectors. From your experience in Ohio, in Cleveland, do you think the private sector, particularly the business community, will respond to this challenge to help these young people?

Mr. WHITE. I do believe first of all, Senator, that the private sector will respond. But I think it is incumbent initially for the members of the public sector to outline the vision and the parameters upon which they wish the community to move. I think that the private sector will participate and will give credible and very important input. But I think it is important—and I would go back to what Mayor Schmoke has said—for the Mayors of cities to have an active role in terms of outlining what Mayors and also school superintendents can do to have an active and thorough involvement in the process of designing the program.

It is important for the school superintendents to be involved, because we do not want to just deal with the youth who is at the end of the line in terms of employment. We want to look at, I believe, the problem of bringing that youth along through the educational system. So I think we need to begin to look at the problem of employment in a comprehensive way that says what do we need to do when that young child is in Head Start or kindergarten, and a process of education, to get them to a point where they are ready to be employed. And I think that the private sector has to definitely be involved in that process.

Senator METZENBAUM. Somebody gave me a figure the other day that if you take the beginning class in the Cleveland school system, out of 12 students who begin, only one of those students will stay in school until the twelfth grade. Have you heard figures to that effect?

Mr. WHITE. Unfortunately, our dropout rate is 49 to 50 percent in the Cleveland public schools. I would say to you, going back to a question you asked earlier about the relationship or the correlation of crime and other social problems we see, to my way of thinking—and I am too short and uninterested to play sports, but I remember something on a basketball team called a "pivot man". A job to me is the pivot social linchpin, if you will. Many of our problems pivot off of that—crime, teenage pregnancy, drugs, and all the other social problems which you have to grapple with in your Senate committees every day.

So clearly, it is important to look at the importance of education and how, by focusing on education and job linkage with young people, we can avoid having to pay a much larger price down the line.

Senator METZENBAUM. Thank you very much, Senator White and Mayor Schmoke, and thank you, Madam Chairman.

Senator MIKULSKI. Mayor Schmoke, your mother and I worked as social workers together more than 20 years ago, and we were working together when they announced something called the War on Poverty. Michael Harrington had written books about "The Other America". A wonderful President by the name of Lyndon Johnson launched new programs to help people.

Now, 20 years later, you and I are sitting here, you a Mayor, I am a Senator, and really, Senator White, I am sure your experience is parallel with that.

The Administration and some of its social architects, the Heritage Foundation and so on, would say our programs have failed, and why do we need new ones.

My question to you is do we need another program; will this just be one more in the alphabet soup where we put legislation out, but years later, those of us who worked to end poverty did better than those who we were trying to help poverty? Do you want to comment?

Mayor SCHMOKE. I think your analysis is correct. We do not need to just add additional alphabets to the alphabet soup. But this particular legislation does not do that. It builds on a very important piece of legislation, the Job Training Partnership Act. And I think what the Conference of Mayors is saying is that we have a mechanism here that works. It is simply that we have to make certain amendments to make it work even better, particularly, and first of all, in the resource level. The current level is inadequate to do the job as I have mentioned before.

Secondly, we are concerned because the Job Training Partnership Act sets its targets based on State unemployment statistics and does not just adequately focus in on areas of need. And as you know, our State is doing very well on a Statewide basis as far as its unemployment statistics are concerned, but when you look into the cities, then you see critical areas of need. And I believe that the Youth Employment Services Act will target these funds much better.

And certainly, I believe the need is so great that in this instance, where we have an important and effective tool at our fingertips that we should employ it.

So, no, we are not adding to the alphabet soup; we are simply building on our strength.

Senator MIKULSKI. Thank you.

Senator White, do you want to comment on that as well?

Senator WHITE. Senator, I would only say to you that the challenge is still there. We, at this very moment, are throwing away one of the most important resources in our country, and that is our youth.

I would turn the question around to those who doubt the need and ask can we afford not to go forward with an important program that builds on the foundation of success to provide an opportunity for our youth.

Both I and Mayor Schmoke are relatively young men, but one day, we are going to want to put down the gavel, Congressman, and sit down. And I think while we have an opportunity and some ability to make a change in the future of our society, we must do that.

And as I walk Saint Clair, or Hough, or Lorain Avenue, I see young people in need of leadership. And if we are not the ones to provide it, then they will be lost. And if we do not find ways to involve them in employment, Senator, they will be in the prisons of Maryland or the prisons of Ohio or in the prisons of other States of your colleagues. We cannot afford not to do this.

Senator MIKULSKI. Thank you very much.

Congressman Mfume, did you have a question or two for the panel?

Mr. MFUME. Thank you, Madam Chair.

Mayor Schmoke, on page 5 of your formal testimony, you made mention of the concern that the Conference of Mayors had with the funding format, and I was glad to hear Senator Metzenbaum indicate that that had been corrected. But some of that concern grew out of what was further delineated in the testimony, the fear of the private sector that they would be perhaps entangled in too much bureaucratic red tape and could in fact make many of those persons who would have come forth a bit gun-shy.

In your dealings with the Conference of Mayors or in your own dealings with corporate America or the private sector, are there some other concerns perhaps that have been articulated by members of the private sector that we on this Committee ought to be sensitive to as we go about groping and trying to put a final shape and direction to this legislation?

Mayor Schmoke. Thank you very much, Congressman. I believe that there are some concerns, and one of the reasons that the Conference of Mayors supports this legislation is that it addresses some of those concerns.

First of all, those members of the private sector that have participated in these partnership programs want flexibility, want innovation or to be allowed to be innovative, and they also want to be rewarded for success, and to see that a community is not penalized but in fact is rewarded for its success.

I think that these concerns are being addressed by this particular legislation, and I am glad to see that you were mindful of that as it was developed.

Mr. Mfume. Senator White, in line with that, you had mentioned also that the public sector has an incumbent responsibility to sort of outline parameters and define the vision that we have in order to expect, then, some sort of role to develop in the private sector.

Could you add to the question and to, perhaps, the response that I got from the Mayor?

Mr. White. I happen to believe—and it is certainly open to debate—that we who are leaders in the public sector have a responsibility to articulate a public vision for our community. And I believe that before we can ask others to make input or to expand upon that, we must initially outline that vision and make it clear as to where we perceive us to be at this point, and where we wish to be in the future; and to say to our potential partners, "Here is where we want to go; please, help us get there. Let us know what your vision is. Let us know what your problems are. But at that point, please involve yourselves with us as a partnership to go forward."

I think the needs of the private sector and the needs of the public sector are not mutually exclusive. For example, two of our employers, our major employers in Cleveland—one is Sherwin Williams, which has a paint company with retail outlets. And in a meeting with their CEO, he has indicated to me that many times, he will have to go outside of the State of Ohio or outside of the City of Cleveland to hire paint managers. Likewise, the president of Ameritrust Bank, Jerry Jarrott, has a remedial program at Ameritrust Bank to teach high school graduates how to count money.

These people clearly have a need that speaks to the manner in which the young people that they bring in at entry-level positions are prepared. That is a need which frankly is not only their need, but a challenge for us, because they have to be prepared to assume that responsibility.

So I would only go back to a point in my testimony by saying to you that we must articulate the vision, but we must involve people from not only the public sector but the private sector to make that vision a reality.

Mr. Mfume. You also made a point—and I do not have the testimony here in front of me—about market analysis. Can you talk about how you expect that to be plugged in, either before or after the implementation of the program in urban areas? That is where I need some clarification.

Mr. WHITE. The Cleveland Board of Education has long been accused in their vocational programs of preparing young people for jobs that were available 10 to 20 years ago.

I think it is important, if we are talking about preparing young people for the future, that we first identify where those jobs are going to be in a particular geographic area so that we are training young people for openings that are going to appear, and that assessment needs to be updated on an ongoing basis. We shouldn't just say, well, we have been making widgets in Cleveland for 50 years, so there are going to be jobs for widget makers, so we are going to train widget makers, especially in terms of how the economic environment is changing in the country in general, but in the Northeast and Midwest in particular.

So we need to first ask ourselves where do we believe, based on our best analysis, the jobs will be 5, 10, 15, 20 years down the pike. Then we need to begin to design job programs that fit those future needs.

I think the worst thing in the world—and we have this problem, Congressman, in Cleveland—is where young people who want a job, who want to work, are being prepared to be private security guards or other positions for which there are very limited needs. They become frustrated, and they ask, "Why should I go on with education?" and they turn off.

Mr. MFUME. Thank you.

Thank you, Madam Chair.

Senator MIKULSKI. Thank you.

Mr. Mayor, Senator, we thank you for your testimony. The Committee has no further questions of you at this time. Your testimony was eloquent, precise, and most helpful.

Mayor SCHMOKE. Thank you very much for the opportunity to appear to today.

Mr. WHITE. Thank you very much.

Senator METZENBAUM. Thank you, Senator White, and thank you, Mayor Schmoke.

Senator MIKULSKI. The Committee would now like to move on to its panel of witnesses, people who have had actual experience and thoughts on this. I see that we are moving up the Department of Labor.

We are now going to ask the Honorable Robert S. Jones, Acting Assistant Secretary for Employment and Training, to come and give us the administrative views.

Mr. Jones, we welcome you. I know that you are the Acting Secretary. However, the Committee must express some disappointment at the lateness of your testimony. We have six witnesses for today's hearing, including four from out-of-town. By 1:00 yesterday, we had the submitted written testimony of all the witnesses. Yours arrived at 8:30 p.m. You were the closest and had the most resources to develop testimony. So we are a little cranky about that, and we would like a little brisker pace over there at Labor.

Senator METZENBAUM. I want to say "Amen" to the Chairperson's comment. Time and time again, this Administration thinks they can be indifferent to the concerns of Congress. We try to do our homework. And we are not in a position, when you give us your statement at 8:30 at night, and we have a hearing at 9:30 the next morning, to give it the attention which we want to give it.

But what bothers me as the author of this bill is that maybe it indicates a kind of indifference, and this is on the back burner over at the Labor Department, and that is a particular disappointment to me, because I had hoped that under Mrs. McLaughlin, we were going to have an aggressive, cooperative kind of working relationship where we might do something worthwhile within the next 11 months.

Mr. JONES. Let me say that I accept both comments quite graciously and understand your impatience. And let me say to you, Senator, that it is not on the back burner; it is a very high priority with us and an issue of great concern, and we appreciate your interest in it. We have a great deal of interest in it. It is a high priority on the Secretary's agenda and the Department's agenda.

I understand your concerns about the lateness of the testimony. We will continue to struggle to meet your time lines at every opportunity.

Senator MIKULSKI. Let's hear what you have to say.

STATEMENTS OF HON. ROBERT S.T. JONES, ACTING ASSISTANT SECRETARY FOR EMPLOYMENT AND TRAINING, U.S. DEPARTMENT OF LABOR, WASHINGTON, DC, ACCOMPANIED BY PATRICIA McNEIL, ADMINISTRATOR, OFFICE OF STRATEGIC PLANNING AND POLICY DEVELOPMENT

Mr. JONES. We are pleased to have the opportunity, as I indicated, to be here and to join in this conversation. I have the statement; we will submit it, and if I may, I will simply summarize some of the points that are in there in the interest of time.

Senator MIKULSKI. Mr. Jones, your statement in its entirety will be entered into the record.

Senator METZENBAUM. Would you like to introduce the lady who is accompanying you?

Mr. JONES. Excuse me. Along with me today is Patricia McNeil, the Administrator of our Office of Strategic Planning and Policy Development.

Let me begin by once again commending Senator Metzenbaum and the other Senators who have supported this bill in addressing employment problems of severely disadvantaged youth. We think this is an extremely important issue, and many of the things that are put forth in this legislation are significant contributions to the dialogue that is to develop.

Let me point out a few words first about the problem of youth unemployment generally. Although unemployment is transitory in nature for most youth, for a small segment, unemployment is chronic. This segment of youth is disproportionately minority and lives in poverty areas, generally.

We have been studying this unemployment problem for years, as several of you have indicated, and a number of explanations have been offered for why this small segment of chronically unemployed youth have such trouble getting and holding a job. Some of these explanations relate to labor demand and why employers do or don't hire young people. Other explanations of the problem relate to the attributes of the at-risk youth themselves. Many of these youth lack education and other skills necessary for basic entry-level jobs.

The employment outlook for at-risk youth may in fact be improving. Over the next 13 years, the labor force will continue to grow more slowly than at any time since the 1930s. However, growing numbers of work force entrants are likely to be minority and from single-parent families or poor—those youth who traditionally have the most difficulty in getting into the job situation.

We face both a challenge and an opportunity in dealing with at-risk youth. We need to focus on this problem because, as an economy, we need these new workers, not just because it is a social issue, but because of the economic support system that is necessary.

What are we doing about the problem? Currently, there are a number of Federal programs in existence. In the Department of Labor, Title II-A of the Job Training Partnership Act served about 490,000 economically disadvantaged youth in the last year. Over 100,000 were served by the Job Corps in the same system. The Job Training Partnership Summer Youth Program served 631,000 young people this past summer. Education Department programs including Chapter I for educationally disadvantaged children, serve a large percentage of at-risk youth. The two largest HHS programs serving at-risk youth are the Community Services Block Grant and Social Services Block Grant. Together, these programs provide billions of dollars of resources that can be directed and targeted to at-risk youth. States and localities, of course, can also make investments in this issue.

For some time, the Department has been concerned that our programs were not reaching enough of the hardest-to-serve youth, particularly those who have dropped out of school and are unemployed or unemployable. In response to this concern, we have undertaken a number of initiatives to refocus our programs on this group.

In early 1987, the Administration proposed an AFDC Youth Initiative to provide a comprehensive year-round program of intensive services to youth on welfare and welfare families.

The Department is currently in the process of revising JTPA performance standards. We expect the new standards will encourage more long-range, intensive interventions to meet the needs of at-risk youth.

We are working with Brandeis University to develop guides and training for the JTPA system to improve local programs' capacity for serving at-risk youth, and to share information on successful program models.

The Department is providing planning guidance to the States that emphasizes the increasing services needed for at-risk youth. It encourages the development of enriched, long-term program intervention and encourages better JTPA coordination.

To acquire a better understanding of the approaches and models or sets of services that are effective, the Department has undertaken an ambitious research and demonstration agenda. Let me briefly mention a couple of these—and I would be happy to provide a more detailed list for the record that the Committee might want to look through.

[Information supplied follows:]

U.S. DEPARTMENT OF LABOR
EMPLOYMENT AND TRAINING ADMINISTRATION

EMPLOYMENT AND TRAINING PROJECTS FOR YOUTH

February 2, 1988

EMPLOYMENT AND TRAINING PROJECTS FOR YOUTH

Workforce 2000 projections call for a substantial increase in employment opportunities for young adults 16-21 while noting a decrease in the number of youth that will be adequately prepared to enter the labor market. Presently, a substantial proportion of youth, 16-19 years old, are "at-risk" of not being prepared to make the transition into productive employment because of the problems associated with this group; i.e., illiteracy, high dropout rates, teenage pregnancy, runaways and homelessness, substance abuse, crime, chronic unemployment, etc. Consequently, the U.S. Department of Labor, Employment and Training Administration, has identified this group as one having specialized needs requiring specialized services and has taken measures to provide comprehensive and innovative solutions to these problems in assisting these youths to achieve social and economic independence.

The Department has funded, independently and jointly (with the Department of Health and Human Services), a number of research and demonstration efforts targeted at the following groups:

- In-school, dropout prone youth
- Recent school dropouts and out-of-school youth
- Homeless, runaways and foster care youth
- Teen parents
- Developmentally disabled youth

These projects provide comprehensive employment and training services, education and other support services, promote the conduct of activities that seek the adoption of state legislative guarantees for meeting the educational and related needs of at-risk youth and encourage the development of models that more cost-effectively serve youth by creating better linkages between human services and training and employment services at the State and local levels. DOL has provided approximately $8.5 million in funding for these projects.

To identify ways to increase program outcomes and decrease costs, ETA undertook Job Corps II, a series of pilot and demonstration and linkage projects designed to test innovative training techniques and management approaches to disadvantaged youth. The majority of these projects will be implemented at existing Job Corps Centers and will actively seek the participation of State and local governments, the private sector, education, health and human services and other interested parties, through linkage agreements, in the conduct of these projects.

Youth 2000 State Grants, jointly funded by DOL and the Department of Health and Human Services, was awarded to governors and departments of State governments designated by the governors to coordinate youth issues and promote greater involvement by private sector organizations and State and local governments to mobilize resources and develop local solutions to youth problems based on community needs. DOL's investment to date is $500,000.

The following attachment categorizes and describes our youth projects.

Attachment

RESEARCH AND DEMONSTRATION PROJECTS

IN-SCHOOL YOUTH

Cities In Schools (DOL/HHS/DOJ)	Encourages local public/private support to make available a variety of health, social, basic education and training employment services within the school setting	$800,000
Council of Chief State School Officers	Award of 10 state action grants for planning, promoting & implementing services/programs that seek state legislative guarantees for at-risk children & youth	$550,000
Eisenhower Foundation Project (DOL/HHS)	Provides four private dollars to every Federal dollar to provide remediation and employment opportunities for homeless youth, juvenile delinquents, abused youth and drug users in residential and non-residential settings in five inner-city neighborhoods	$100,000
Elder Sports Management & & Instructional Institute	Promotes an awareness within the disadvantaged, minority youth population of a broad range of employment opportunities in the business of sports activities	$365,000
Indian Center, Inc. (DOL/HHS)	Adapts Junior Achievement Program to Native American student needs; career counseling curriculum revision, 15 weeks business/economic instruction, entrepeneurial experience marketing culturally related projects designed by students	$ 27,863

RESEARCH AND DEMONSTRATION

IN-SCHOOL YOUTH

JTPA Education Project National Council of La Raza	Increases the effectiveness of Hispanic focused employment & training programs by developing & implementing innovative ed. models at 10 Hispanic community-based programs; provides basic literacy skills & improve academic skills, encourages high-risk Hispanic youth to stay in school, helps dropouts return to school/ obtain GED and encourages parental participation & support	$207,200
The Juvenile Awareness Program (DOL/HHS)	Comprehensive service center attempt to reduce serious crime and gang violence by working with gang members to increase educational and employment opportunities	$200,000
Manchester YWCA Project (DOL/HHS)	Provides remediation and counseling to severely at-risk youth; corporate mentors provide encouragement for staying in school and aid in finding part-time employment	$ 75,000
National Alliance of Business	Establishes agreements between public school system/private sector/PIC in seven cities to decrease truancy and reduce dropout rates through increasing summer job slots and hiring high school graduates from the projects	$100,000
Oklahomans For Indian Opportunity (DOL/HHS)	In cooperation with Absentee Shawnee Tribe, offers classroom/business development training to Native American students in three Oklahoma high schools	$ 53,193
The Oneida Tribe of Indians (DOL/HHS)	Uses adult mentors to provide remedial education and employment opportunities to Tribal youth in an effort to combat high dropout rates, substance abuse and suicide rates	$ 30,000
Pathways For Youth Project (DOL/HHS)	Sponsors special counseling, remedial education and vocational exploration for potential dropouts for whom the police athletic club with develop	$ 50,000

RESEARCH AND DEMONSTRATION

IN-SCHOOL YOUTH

Summer Training and Education Program (STEP) Public Private Ventures	Provides basic skills remediation to youth, during summer months, to prevent dropouts and teen pregnancy	$750,000
West Philadelphia Partnership Youth Employment & Training (DOL/Bureau of Labor Management Relations & Cooperative Programs)	Establishes a community-based youth employment program which includes pre-apprenticeship training, remedial ed., job counseling & placement activities for inner-city youth & simultaneously integrating these activities into neighborhood school curriculum	$70,750
Young Astronaut Council Career Explortion Program	Promotes careers in science and technology for economically disadvantaged youth & develops and disseminates education & career exploration materials to Young Astronaut chapters	$187,500

RECENT SCHOOL DROPOUTS AND OUT-OF-SCHOOL YOUTH

Disconnected Youth Program 700001 Ltd.	Provides high intensity motivational and remediation support, referral to job training & followup counseling to youth, ages 16-21	$1,034,41
Franchising The Operation Success Model (DOL/HHS)	Collaborates with public/private sector in providing intensive employability development for homeless youth in city shelters and youth in foster care	$175,000
Job Corps Computer Assisted Instruction Shugoll Research	Evaluate the effectiveness of of computerized literacy training for Job Corps enrollee	$430,000
JOBSTART Manpower Research Development Corporation	Provides intensive remediation in job training/basic skills to dropout youth, in 14 states, who read below the 8th grade level	$333,000

RESEARCH AND DEMONSTRATION

RECENT SCHOOL DROPOUTS AND OUT-OF-SCHOOL YOUTH

*Partnership Enhancement Grant	Development and testing of 6-8 demonstration projects focused on youth, especially those at-risk, or women on welfare that identify innovative methods, strategies, models and linkages for addresing needs of these target groups	$1.6 million
* Process Evaluation of SDA Policies for Dropouts	Will provide a process evaluation of the implementation of Project Star; will be useful in replicating the model to a wider JTPA system and if the pilot project requires additional evaluation	$150,000
Project Pride (DOL/HHS)	Promotes self-sufficiency of daughters of AFDC recipients providing job behavior coaching and part-time employment, contingent on staying in school	$150,000
*Project STAR, Innovative Policies for Dropout Prone Youth and School Dropouts	Grants awards to five SDA's in inner city areas, to replicate Project Star, a highly intensive remedial ed. program aimed at school dropouts	$2 millio
Reaching For Education to End Poverty for Indian Teens (DOL/HHS)	Uses adult mentors, alternative education and employability in continuum of services designed to promote self-sufficiency among Indian teens	$120,000
Rural Opportunities Youth Intervention Rural Opportunities, Inc. (DOL/HHS)	Provides farmworker youth with academic assistance, labor market information, support services and jobs	$110,000

*New Initiatives

RESEARCH AND DEMONSTRATION

RECENT SCHOOL DROPOUTS AND OUT-OF-SCHOOL YOUTH

* What works in Youth Employment Competency	Will review, in-depth, competency based systems, assess effectiveness and the applicability for use with various subgroups of disadvantaged youth; a second activity will be the development of an assessment system to diagnose an individual's literacy strengths and weaknesses for diagnostic and prescriptive purposes	$300,000
The Youth Improvement Program (DOL/HHS)	Provides youth offenders with an alternative to incarceration, leading to acquisition of education and job skills, good work habits,and permanent unsubsidized employment	$200,000
Youth Services USA, Inc.	Increases awareness of JTPA operators at State and local levels of military training resources for employment-related programs for disadvantaged, minority youth and adults by providing TA and program design services in implementing Job Skills Training & Employment Program	$150,000

HOMELESS, RUNAWAY, FOSTER CARE YOUTH

Alaska Youth and Parent Foundation (DOL/HHS)	Provides skill/interest assessment, OJT, classroom and in-school training, tryout and summer employment for 60 youth in emergency shelter or in State foster care, in collaboration with Anchorage JTPA Program	$ 8,334
Arizona Call-A-Teen Youth Resources Project (DOL/HHS)	Provides competency-based employment and independent living skills training, job counseling & job placement/followup for 60 foster youth preparing to leave	$ 25,000
Illinois Dept. of Children & Family Services (DOL/HHS)	In conjunction with community-based youth service agencies and JTPA SDA's, creates social service/youth employment service partnership demonstrating effective coordination, joint planning and case management for 120 runaway & homeless youth per year	$ 25,000

*New Initiative

RESEARCH AND DEMONSTRATION

HOMELESS,RUNAWAY AND FOSTER CARE YOUTH

The Judge Baker Guidance Center (DOL/HHS)	Establishing JTPA/youth agency partnership activities for foster care and homeless youth in 3 Mass. PIC areas to demonstrate & document formation of linkages between PICs & selected youth & expansion of area training & employment services	$ 25,089
June Burnette Institute San Diego State Univ. (DOL/HHS)	Working with the San Diego PIC, County Social Services & youth service providers to develop a cooperative funding strategy, implement & evaluate two youth service employment demonstration projects & hold conference for dissemination of findings	$ 25,000
Miami Bridge, Inc. (DOL/HHS)	Working with PIC/South Florida Ed. & Training Consortium & State Rehab. Services to serve 120 Dade County runaway & homeless youth, ages 16 1/2 and older, with ed/employment skills training & health services	$ 25,000
Mountain Plains Youth Services (DOL/HHS)	Linking with Governor's Employment Forum or PIC & State Dept. of Human Services to coordinate a wide range of self-sufficiency service to prepare 60 youth for JTPA job skills training programs	$ 24,802
Oasis Center Nashville, TN (DOL/HHS)	Provides independent living skills; links with JTPA/Mayor's Employment & Training Resources Agency to provide education & employability services for 35 foster care/homeless youth per yr. transitioning to independent living	$ 25,000
Philadelphia Mayor's Office of Community Services (DOL/HHS)	Working with DHHS & PIC to provide 120 youth leaving foster care with job readiness training & work experience; recruits & trains foster parents & adult caregivers to encourage self-sufficiency	$ 25,000

RESEARCH AND DEMONSTRATION

HOMELESS, RUNAWAY AND FOSTER CARE YOUTH

PIC/Business & Industry Division of NYC (DOL/HHS)	Works with homeless youth services agencies & NYC Human Resources Administration to provide specialized staff training for preparing youth to enter 60 JTPA summer program slots each yr. & to develop/disseminate guidance on how to prepare severely at-risk youth for JTPA participation	$ 25,000
Toledo Area PIC (DOL/HHS)	Works with county consortium of agencies to provide social & health services, pre-employment training, OJT or educational placement for 25 juvenile offenders, mentally retarded, substance abusers or mentally disturbed youth per year	$ 25,000
Youth Network of Chicago (DOL/HHS)	Community based agencies, Chicago PIC, the Children's Home & Aid Society & State Dept. of Children & Family Services provides 100 participants per year with independent living skills training & JTPA services leading to placement in unsubsidized jobs	$ 25,000

TEEN PARENTS

Adolescent Family Life Projects (DOL/HHS)	Addition of employability development component to six centers which offer comprehensive education and employment and training services to pregnant and parenting teens	$500,000
Homeless Single Teen Parents and Potential Delinquents (DOL/HHS)	Provides remediation and employment opportunities and on-site child care at two sites serving homeless teen parents	$100,000

RESEARCH AND DEMONSTRATION

TEEN PARENTS

A National Demo Project for Teen Mothers Manpower Demonstration Research Corporation (DOL/HHS)	A five-city project with Ford Foundation support providing comprehensive service approach including education, counseling, occupational skill training, paid work experience, day care services, etc. to increase the employability of AFDC teenage mothers, 17-19 years of age, who are school dropouts	$100,000
Teen Parent Center Self-Sufficiency Project Office of Women's Services (DOL/HHS)	Provides GED, remedial ed., public/private sector work internships, individual and group employment counseling on-site day care services in an alternative setting for pregnant and parenting teens	$ 50,000

DEVELOPMENTALLY DISABLED YOUTH

American Horticultural Therapy Association (DOL/HHS)	Establishes model services to enhance effectiveness of secondary and post-secondary education and job training services to facilitate disabled youths' transition from school to work	
Boston College Division of Special Education and Rehabilitation (DOL/HHS)	Provides education, pre-employment and job training services to 60 youth per year for the purposes of conducting local schools in-service training, providing training for Sp. Ed. and Rehab. students participating in project replication activities	$ 51,686
Davis County Utah PIC (DOL/HHS)	Will demonstrate local area network job placement system for facilitating transition of developmentally disabled youth from school to work	$ 33,500

JOB CORPS II INITIATIVES

Centers As Alternative High Schools	Pilot centers will establish linkages with appropriate State local Dept. of Ed. to serve as alternative high schools for eligible potential high school dropouts, providing training and support services to assigned students
Child Care Linkage Project	Job Corps Centers are developing linkages with state welfare agencies for the purpose of enrolling eligible AFDC welfare mothers into the program; daycare and other support services are provided under Title XX; Gary and Guthrie Job Corps Centers are currently participating in this project
Disciplinary Discharge Center	An existing Job Corps center will be designated to accept referrals of youth who would otherwise be terminated from the program because of behavior problems; intensive counseling and support services will be provided with an emphasis on completion of training and job placement
Extended Training Day	At South Bronx St. Louis JCC, education classes, vocational training & support services will be offered during the evening hours for non-residential enrollees
Job Corps/JTPA Linkages	Job Corps centers will develop linkages with JTPA for referrals of youth and programmatic initiatives
On-Site Day Care	Atlanta & Los Angeles JCC have established on-site day care for children of non-residential enrollees; Pittsburgh JCC is working on establishment of on-site day care which will be subsidized primarily through AFDC grants

JOB CORPS II INITIATIVES

Potomac Job Corps Center, Head Start Program	Center provides early childhood instruction to preschool aged children of non-residential enrollees; operated free of charge by the United Planning Organization
Urban Nonresidential Centers	New Orleans and Philadelphia will serve as sites for offering basic Job Corps program without the residential support services offered at other centers; an evaluation will be conducted to determine the effectiveness of this approach

YOUTH 2000 PROJECTS

Alaska's Governor's Commission on Children and Youth	Identifying current needs and service barriers; conducting youth census and analyzing and disseminating model programs tailored to State's needs
Bringing Down The Barriers To Opportunity: Commonwealth of Mass.	Project to strengthen municipalities capacity to response to youth through increased data collection and analysis
Colorado's Youth 2000 The Competitive Edge	State plan to eliminate duplication of youth services & form public/private partnerships
Delaware Youth 2000	Development of a comprehensive community-based planning program, governor's core planning group and an index to measure progress on problems and project success; conduct of conferences and public information campaigns to educate public on youth problems and project goals
Iowa Youth 2000 Project	Establishing a Youth 2000 public/private sector task force to develop State Youth policy; hosting regional seminars and Governors Youth and state conferences
Local Integrated Approach to Youth 2000 Issues: State of Maryland	Using a statewide conference and the issuance of challenge grants to 10 PICs to stimulate local awareness and leadership in support of services for at-risk youth
Project 1999: State of Illinois	Creating new partnership between business, labor, religious organizations and local officials to focus attention on needs of at-risk youth and identify endangered communities
Youth 2000: A Solution The Missouri Matrix	Directing and developing new policy analysis and planning tool to identify needs, existing services, gaps in services and goals that would facilitate partnership coordination

YOUTH 2000 PROJECTS

Youth 2000: Business Liaison Project: Oregon	Extension of Governor's Students Retention Initiative to 10 communities to link corporation field offices in smaller communities with local govt., education, human services and civic leaders for implementation of city's investment plan
Youth 2000: Our Families, Our Strength Nebraska	Directing an Intergovernmental Planning Group designed to strengthen families role in meeting needs of at-risk youth
Youth 2000: State of Hawaii	Expansion of Schools to Work Transition Centers to all public high schools where at-risk youth can receive career/ life employment training; conduct of conferences and seminars to stimulate public awareness and to enlist community support
Youth 2000 Technical Assistance Center: New Jersey	Establishing Youth 2000 Technical Assistance Center in support of State School Based Youth Services Program, which assists in provision of comprehensive employment, health and social services to youth in 30 communities

Mr. JONES. The Departments of Labor and HHS have set up a system of coordinated grants aimed at providing a package of job training, education, social services for highly at-risk youth.

JOBSTART is a national demonstration aimed at serving high school dropouts.

The Summer Training and Education Program, STEP, tests the effectiveness of adding remedial education and life skills planning components to traditional summer youth employment programs.

Cities in Schools is an experiment that seeks community ownership in developing solutions to the problems of dropout-prone youth.

There are also numerous State- and local-funded projects for at-risk youth, many of which have business involvement. The private sector on its own is taking on this issue in a growing way.

Where should we go from here? The problem is much broader than JTPA. As a nation, we need to focus our efforts in three areas: early childhood, the education system, and "second chance" education and training.

First, getting the problem at its inception, in early childhood, involves focusing on such things as pre- and post-natal care for pregnant teens and encouraging quality child care for preschool education.

Second, we need to make sure all youth have a better first chance. Schools must work to get those in danger of dropping out to stay in the system, or other at-risk youth to return to school.

And third, we need to continue to provide a second chance for those who have dropped out and who do not have the skills necessary to rejoin the system.

In all our programs that serve at-risk youth, we need to break down barriers to coordination and integration of services so there are plenty of resources available to address the multiple needs of this group. The trick is to implement effective models and bring together the system in a package of services.

How best to serve at-risk youth is not a new issue. For years, we have studied this population and have undertaken numerous demonstration programs. We all remember the Youth Employment and Demonstration Project Acts, to which $1 billion was committed to try new approaches.

We do know a lot more about what works and what doesn't work for these youth. The following are some key ingredients: an intensive learning environment; competency-based instruction, which recognizes that kids are at different developmental stages and learn in different ways; a functional approach relating basic skills to what is needed to get and keep a job; a support network of mentors and parental involvement; a holistic approach, involving a business partnership and integrated services; accountability, with clear expectations of performance for instructors and students; and teaching of self-worth and personal responsibility.

Let me now turn to the Youth Employment Services Act, which would add a new program for severely disadvantaged youth to JTPA.

We do have some serious concerns about this bill. We must ask whether it is worth investing our energies in mounting another series of 75 to 100 large-scale demonstrations costing about $400 million over three years. Would it not be better to build on the knowledge that we have gained? Instead of more large-scale demonstrations, we should work to incorporate what we know into the fabric of our existing education and training system. At the same time, it may be useful to use existing resources to mount smaller demonstration projects that zero in on particular gaps in our knowledge to find ways to get these youth to participate in our programs.

Our emphasis should be on reducing barriers to participation, using the information and resources we already have on what works and providing technical assistance and amending current laws to facilitate serving this group—not on creating yet another vehicle further complicating the potential for coordination.

Also defeating the bill's objective is its complexity: a tortuous method of allocating funds, the necessity of long-term tracking and verification, eligibility criteria and data requirements that differ from the basic JTPA program.

We deeply appreciate the interest of the Committee in addressing these sets of problems. I believe we have the resources and the programs to deal with them. We need to figure out how to make them work better, and I would like to work with the Committee on the long-term dialogue of how to target and strengthen our programs in this respect.

Mr. Chairman, this concludes my formal comments, and we would be happy to join in any questions you might have.

[The prepared statement of Mr. Jones follows:]

STATEMENT OF
ROBERTS T. JONES
ACTING ASSISTANT SECRETARY OF LABOR
FOR EMPLOYMENT AND TRAINING
BEFORE THE
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
COMMITTEE ON LABOR AND HUMAN RESOURCES
U.S. SENATE

February 2, 1988

Mr. Chairman and Members of the Subcommittee:

I am pleased to have this opportunity to testify before you today on S. 1731, the "Youth Employment Services Act of 1987," and on our efforts to provide basic skills and job training for severely disadvantaged youth.

I wish to begin by commending the Chairman, Senator Metzenbaum, and other Committee members for addressing the employment problems of severely disadvantaged youth. This is an area to which the Department of Labor has been paying considerable attention in recent years, and which I will return to in a moment. First, though, I would like to say a few words about the problem of youth unemployment generally, and the potential impact of changing demographics and changing job requirements on that problem.

The most recent unemployment figures show that the national unemployment rate was 5.8% in December 1987, down nearly a full percentage point from a year earlier. The same month, the unemployment rate for youth aged 16 - 19 was 16.1%, and the rate for black yough was 33.4%. These figures have improved in recent years -- the unemployment rate for black youths has declined over three percentage points in the last year alone and 17% more black youths are working than a year ago. However, this improvement is not enough.

The youth unemployment rate is still three times the adult rate, and the black youth rate over 6 1/2 times as great. I find this unacceptable, as I am sure you do.

Although unemployment is transitory in nature for most youth, for a small segment, unemployment is chronic. This segment of youth is disproportionately minority, and poverty area residents. Dropout youth have roughly twice the unemployment rate of their counterparts who graduate from high school, and high school dropouts constitute a major share of chronically unemployed youth. A group at great risk of being dependent and poor is young, never-married females who first enter the Aid to Families with Dependent Children (AFDC) program when their children are less than three years old.

We have been studying this unemployment problem for years, and a number of explanations have been offered for why this small segment of chronically unemployed youth have such trouble getting and holding a job. Some of these explanations relate to labor demand, or why employers don't hire these kids. We know, for example that there has been a shift of some entry level jobs from central cities, where many of these young people are, to suburbs.

Other explanations of the problem relate to the attributes of the at-risk youth. They may have unrealistic expectations regarding wages and work, leading them not to accept jobs. Some may have other sources of income to live on, from their families, public assistance, or illegal activities, so that they choose "leisure" over gainful employment. Many of these youth lack the education and other skills necessary for entry level jobs. Many are functionally illiterate and can't even fill out a job application. Even if they have the ability to handle the work, they often lack the work behaviors and attitudes necessary to be able to find a job, get hired, and keep it.

The employment outlook for at-risk youth could improve. We know from the Department of Labor's Workforce 2000 project that over the next 13 years our labor force will grow more slowly than at any time since the 1930's. The number of young workers will decline both relatively and absolutely. This could result in businesses, colleges and the military competing and scrambling for 18 year olds, who will be in short supply.

However, growing numbers of workforce entrants are likely to be minority, from single parent families, or poor -- those youth who traditionally have more difficulty in making the transition to employment. These are the youth who are more likely to perform poorly or drop out of school. They more frequently suffer from health problems, teen pregnancy, drug and alcohol problems, psychological and physical stress, child abuse, and learning disabilities.

Although it has been stated that there could be a job for every qualified youth who wants one, many disadvantaged youth may not be able to take advantage of the favorable demographics if they remain undereducated and unprepared for work. The problem is exacerbated because skill requirements for many jobs will be increasing during this period. Many existing jobs will require higher levels of analytic and communication skills, and the level of basic skills required will continue to rise above mere reading and writing ability.

We face both a challenge and an opportunity in dealing with at-risk youth. Unless their interrelated problems are addressed in a coordinated and integrated fashion, America's disadvantaged youth are seriously at-risk of becoming the dependent poor of the 21st century. We need to focus on this problem because as an economy, we need these young new workers. There is no question that targeting seriously at-risk youth has a strong potential payoff for the Nation.

What are we doing now about the problem of at-risk youth? Currently, there are a number of Federal programs administered by the Departments of Labor, Education, and Health and Human Services that target or serve at-risk youth. In the Department of Labor, Title II-A of the Job Training Partnership Act (JTPA) provides year-round training and employment services to economically disadvantaged youth and adults. The program served about 490,000 economically disadvantaged youth in the last program year, of which over one-quarter were school dropouts. The Job Corps served over 100,000 economically disadvantaged youth, over 80% of whom were dropouts. The JTPA Summer Youth Employment and Training Program also serves disadvantaged youth -- 631,000 in summer 1987 -- although the focus is on youth who are still in school.

Education Department programs, including Chapter I programs for educationally disadvantaged children, handicapped programs, vocational education programs, and Adult Education programs serve large numbers of at-risk youth. The two largest HHS programs serving at-risk youth are the Community Services Block Grant and the Social Services Block Grant. Together, these programs provide billions of dollars of resources that can be directed to at-risk youth. States and localities of course, also make large investments of their own in disadvantaged youth, specifically in education and social services.

For some time the Department of Labor has been concerned that our programs were not reaching enough of the hardest to serve youth, particularly those who have dropped out of school and are unemployed or unemployable. In response to this concern, we have undertaken a number of initiatives to refocus our programs on this group that I would like to briefly describe.

Legislation. Amendments to the Job Training Partnership Act that were proposed by the Administration and subsequently enacted, added remedial education and literacy training to the Summer Youth Program. Early in 1987 the Administration proposed an AFDC Youth Initiative that would add to the JTPA Summer Youth Program an option for local service delivery areas to use funds to provide a comprehensive, year-round program of intensive services to youth on welfare and in welfare families.

I will return to the subject of youth legislation later in my statement.

Performance Standards. The Department is currently in the process of revising JTPA performance standards for Program Year 1988. One of the issues we have raised for comment in these revisions centers on youth and how we might increase the JTPA programs Emphasis on attainment of basic education and occupational skills commonly recognized as necessary for getting and keeping a first job. If these changes are feasible, we expect that they will encourage more longe-range, intensive interventions to meet the needs of at-risk youth.

Technical Assistance. We are working with Brandeis University to develop guides and training for the JTPA system to improve local programs' capacity for serving at-risk youth, particularly in the areas of literacy and basic skills training, and to share information on successful program models that have worked for this group.

Planning Guidance. The Department is preparing planning guidance to the States for Program Year 1988 that emphasizes increasing services to at-risk youth, encourages the inclusion of basic and remedial education components in all JTPA programs, encourages the development of enriched, longer-term program interventions to better serve those individuals most at-risk who have multiple needs, and encourages better JTPA coordination with other agencies and programs, particularly for youth with multiple needs.

Research and Demonstration Projects. To acquire a better understanding of the approaches and models or sets of services that are effective in making disadvantaged youth more employable, the Department has undertaken an ambitious research and demonstration agenda. Let me just briefly mention a few of these projects which may be of interest to you.

- DOL/HHS Coordination Grants. The Departments of Labor and Health and Human Services are funding a number of projects aimed at providing a coordinated package of job training, education, and social services, typically funded by several Federal and local agencies, for highly at-risk youth, including in-school, dropout prone youth; recent dropouts; homeless and runaway youth and youth transitioning from foster care; and youth with developmental disabilities who are transitioning from school to work. Among the approaches being tested are using volunteer adults from the business community as advisors or counselors; combining intensive counseling, tutoring and part-time employment to keep at-risk youth in school; and adding job training components to existing centers providing health, parenting and life skills training to teen parents.
- JOBSTART is a national demonstration, funded in conjuction with the Ford Foundation, aimed at serving high school dropouts. This demonstration features much more intensive services -- including both basic education

and training in a vocational skill for each enrollee -- than is typically provided under JTPA Title II-A. In many ways, this demonstration is testing the effectiveness of a comprehensive, non-residential program similar to that offered in a primarily residential setting by the Job Corps program. We are also evaluating non-residential alternatives within our package of Job Corps demonstration projects known as Job Corps II.

- The Summer Training and Education Program (STEP) is a national demonstration, also funded in conjunction with the Ford Foundation, testing the effectiveness of adding remedial education and "life skills" planning components to traditional summer youth employment programs. The demonstration also includes a year-round component that provides remedial education and homework assistance throughout the school year. The purpose of the experiment is to determine the effect of such a program on school completion, employment, and prevention of teenage pregnancy.
- Cities in Schools is an experiment funded by several Federal agencies -- including Labor -- that seeks community ownership in developing solutions to the problems of dropout-prone youth. It brings parents, employers, and community agencies into the schools in 17 States to supplement standard educational instruction and counseling to help youth stay in school and to

reduce school violence. A variety of health, social, basic education and training, and employment services are provided in a school setting, and day care is provided by centers affiliated with the project.

- We have worked with the Council of Chief State School Officers and the Department of Education to develop a program that will award ten action grants to State education agencies. The grants will be used to seek the adoption of State policies or legislation aimed at increasing the assistance for the educational and related needs of at-risk youth.

This gives you some idea, but does not begin to fully describe the scope of the Department's research and demonstration effort focusing on at-risk youth. And, in addition to these national demonstrations funded by my Department, the Department of Education has two different sources of funds in fiscal year 1988 earmarked by the Congress for dropout demonstration programs. The larger of the two appropriations, almost $24 million, will fund dropout demonstration programs authorized under the Senate version of the omnibus education legislation now pending before Congress. A separate appropriation of almost $5 million will be used to support exemplary dropout prevention and reentry programs within vocational education. There are also numerous State and locally funded projects for at-risk youth, many of which have business involvement. Finally, the private sector on its own has taken on this issue. For example, the Committee for Economic Development recently released a report on investment strategies for the educationally disadvantaged.

Where should we go from here? We need to recognize that the problem is much broader than JTPA. As a Nation, we need to focus our efforts in three areas: early childhood, the education system, and "second chance" education and training. First, we need to focus on getting at the problem at its inception, in early childhood. This involves focusing on such things as pre and post natal care for pregnant teens, and encouraging quality child care and preschool education.

Second, we need to make sure that all youth have a better "first chance." Schools must work to get those in danger of dropping out to stay in school or other at-risk youth to return to school, in whatever settings are most effective. Many children at risk of failing now attend schools at risk of failing students. We need to work for more accountability in education, both for the schools and their students.

Third, we need to continue to provide a second chance for those who have dropped out and those who do not have the skills necessary to function effectively in the labor market. This is where our training and employment programs play a major role. The problem we now face is how to attract the most severly disadvantaged youth into second chance education and training systems.

In all of our programs that serve at-risk youth, we need to break down barriers to coordination and integration of services, so that the multiple needs of these youth can be met. There are plenty of resources available to address the needs of this group. The trick is to implement effective models and packages of services.

How best to serve at-risk youth is not a new concern. For years we have studied this population, and have undertaken numerous demonstration programs to test better ways of serving them. We all remember the Youth Employment and Demonstration Projects Act of the late 1970's, to which a billion dollars was committed to try new approaches. Since that time we have spent hundreds of millions more to find out what works for at-risk youth.

Not all of these projects had rigorous evaluations or reached concrete conclusions, but we do know a lot now about what works, and what does not work, for these youth. The following are key ingredients that we know are essential for successful youth programming:

- an intensive learning environment;
- competency-based instruction, which recognizes that kids are at differenct developmental stages and learn differently;
- a functional approach relating basic skills to what is needed to get and keep a job;
- a support network of mentors and advocates, and parental involvement;
- a holistic approach, involving a business partnership

and integrated services -- JTPA can't do it all;

- accountability, with clear expectations of performance for instructors and students; and
- teaching of self-worth and personal responsibility.

Let me now turn to the Youth Employment Services Act, which would add a new program for severely disadvantaged youth to JTPA. This new program has several objectives: providing more intensive training and employment services; targeting on severly disadvantaged youth; involving business communities as "significant partners" in providing training and employment services (which includes their making financial contributions); rewarding the job training system for serving the hardest to serve; and mounting a large-scale demonstration effort to learn more about serving serverely disadvantaged youth.

I do not disagree with most of these objectives but, nevertheless, I do have some serious concerns about the bill. I do not think the bill can achieve its objectives. As I mentioned earlier, we have already spent over a billion dollars to learn what works for severly disadvantaged, at-risk youth. A National Academy of Sciences Report summarizes what was learned from the YEDPA projects. We must ask whether it is worth investing our energies in mounting another series of 75-100 large scale demonstrations costing $400 million over 3 years. Would it not be better to build on the knowledge we have gained and concentrate our efforts on making better use of the funds, the services, and the institutions we have that serve at-risk youth? Instead of more large-scale demonstrations, we should work to incorporate what we know into the fabric of our existing education and training programs. At the same time, it may be useful to use existing resources to mount smaller demonstration projects that zero in on the gaps in our knowledge and that find ways to get these youth to participate in our program.

The bill assumes that the incentives provided will change the behavior of the job traingin system, and direct it toward the most severely disadvantaged. There is not doubt that this program seeks to serve the most disadvantaged clientele -- 16 to 24 year olds who are school dropouts or whose educational level is below the eighth grade, and who have not participated in an education or training program or do not have significant work experience in the last nine months. The problem for this group is how do we get them back into the education and training systems. We have programs and funds for these individuals, but we have difficulty maintaining the participation rates in those programs, particularly in certain geographic areas. To have a chance of being successful, any new legislation dealing with this group must acknowledge the participation problem and somehow address the environmental needs, the cultural views, and the perceptions held by the youth and their parents of education and training programs -- perceptions that result in these youth not taking advantage of the opportunities that are there. Our emphasis should be on reducing barriers to participation, using the information and resources we already have on what works, providing technical assistance, and amending current laws to facilitate serving this group, not on creating yet another vehicle further complicating the potential for coordination.

The bill seeks to achieve greater business involvement, which is a desirable objective -- the foundation of the current JTPA system is business involvement. However, only one-quarter of the projects in the proposed program must utilize the primary means for obtaining this involvement -- JTPA private industry councils. There is nothing wrong with trying to get the private sector to contribute to these efforts. The JTPA system and such initiatives as the Boston Compact demonstrate that businesses will voluntarily contribute time, staff, and financial resources. The problem is in trying to obtain such contributions through a legislative matching requirement. Under Title III of JTPA we have seen the problems such a matching requirement can create.

Also defeating the bill's objectives is its complexity: a tortuous method of allocating funds; the necessity of long-term tracking and verification of program outcomes to determine allocations; eligibility criteria and data requirements that differ from other JTPA programs; and the number and variations of the demonstrations, that I mentioned.

Finally, there is the problem of cost. The funding level could be $400 million over three years. Current budget constraints allow little room for new initiatives, especially when there are better ways of addressing the same problems through existing program authorities and resources. For these reasons and because of those noted before, we oppose enactment of S.1731.

As I indicated at the begining of my remarks, I appreciate the interest of the Committee in addressing the unemployment problems of severely disadvantaged youth. I believe we have the resources and programs to deal with the problem. We need to figure out how to make them work better, and I would like to work with the Committee in exploring this subject. For example, I believe we can strengthen the JTPA Title II-A program for youth and that much better use can be made of the Summer Youth Program funds.

Mr. Chairman, this concludes my prepared remarks. I would be pleased to respond to any questions that you or other Committee members may have.

Senator MIKULSKI. Thank you very much, Mr. Jones.

Congressman Mfume, I know you have a Democratic Caucus, I believe on the Contra aid issue. Did you have any questions before you leave?

Mr. MFUME. No, I do not, Madam Chair. Thank you again.

Senator MIKULSKI. We really appreciate this joint participation by you.

Senator Metzenbaum, do you have any questions of Mr. Jones?

Senator METZENBAUM. Yes, I do.

Last year, Secretary Brock highlighted this problem in the first annual state of the work force address. Last month, Secretary McLaughlin called for a concerted effort to close the widening skills gap.

The one negative finding in an otherwise glowing report on JTPA by the Commission appointed by the President to evaluate JTPA was that the current system does not reach the severely disadvantaged.

You have serious reservations about the YES Act. There is a consensus that this group is not being served by your current programs, and you offer no real alternatives to help this target population.

Is it the Department of Labor's position that you are now doing enough to take care of these severely disadvantaged young people—because the President's own Commission's report concluded that these people were not being served well. And I do not hear anything from you today that gives us any assurance that those most in need will be given any assistance.

Mr. JONES. No, I think, Senator, it is quite the contrary. Not only have both Secretaries you indicated spoken to that issue, but we think that is one of the major issues that we are concerned about, to increase the services to this population of people. We absolutely agree with you.

The question is what problem are we trying to address. Right now, we are very focused on the fact that the report you have indicated, along with several others, have suggested that our current resources, the current JTPA system, and some of the current education systems, are not targeting and focusing their resources on the hardest to serve of this group, the dropouts and dropout-prone and those in poverty neighborhoods. That issue is a significant public policy issue—how to better get our system to deal both in terms of numbers and in terms of program design with the things that we know it takes to impact those kids in a successful way.

The Department has engaged in a very lengthy series of initiatives to deal with that issue. We are substantially revising our performance standard system to bring direct focus on exactly this issue, to increase credit attainment in education and skill learning, to increase credit for serving this particular group of people, to focus all of our systems on this set of issues.

Senator METZENBAUM. What was the last one—to increase credit?

Mr. JONES. To give performance standards credit for serving this group of people and for serving them with more remedial and literacy and basic skills competencies that will allow them to enter into the labor market. One of the criticisms, Senator, when JTPA was passed some years ago, was that we set up a basic labor exchange training system, but we did not put those things into it that allowed local communities, led by the Mayor of Baltimore and other people, to bring together the resources in a way that focused on disadvantaged youth. That is an expensive set of services. It requires competency attainment, counseling, training, remedial education, and some support mechanisms.

That system, when it was originally set up, was largely focused on job placement, which tended to detract from that. So we have been changing that. We have published the major changes to it, to refocus the JTPA system on that issue.

We introduced legislation last year to redirect the Summer Youth Employment Program to welfare, dropout, hardcore disadvantaged youth on a year-round basis. We have put out major studies on major issues; we have demonstrations running all over the country——

Senator METZENBAUM. That Summer Youth Program was for kids still in school.

Mr. JONES. The Summer Youth Program currently is for them. We have asked that it be extended throughout the year so that we can deal with the substantive issue of those kids who are in danger of dropping out or have dropped out. The issue of that group, Senator, is the same however we attempt to attack it. Our problem today is that we have a substantial number of our resources that are not focused on that set of issues. We think we need to get that done in this process before we add new systems to it.

Once we get that going and get the system set up so that people engage in it, we think we have an opportunity to make a significant impact on it.

Senator METZENBAUM. Mr. Jones, I must tell you that I am really disappointed in the Labor Department's testimony, and I am disappointed in their actions. Giving credit for performance standards—that sounds good, that is a nice phrase. But we are dealing with 700,000 kids, walking the streets of America.

The Labor Department comes forward and tells us they are concerned because there is $400 million to be spent. This afternoon or tomorrow over in the House, they are going to vote on giving $36 million in one year for the Contras down in Nicaragua. We are spending $1 million a day protecting Kuwaiti ships in the Persian Gulf. And you come forward and tell me you are worried about $400 million over three years.

What is bothersome is that this problem has continued to be aggravated. These kids are getting no attention. Let them set a match to some city; then this Labor Department will be concerned, this Administration will think about it. But until something drastic occurs, you cannot get any action out of this Administration. For seven years, it has been in office and has let down these disadvantaged young people. We have moved backwards.

I do not believe that you accept the responsibility, and you probably do not really deserve my concern, my exercised concern. But the fact is, it is so disheartening, so disheartening, to get these conversations and speeches and gobbledegook. These kids need more than that.

I say to you as the author of this Act and as Chairman of the Labor Subcommittee of the Senate, we are prepared to work with the Administration. We are prepared to change the formula. We are prepared to change some of the language. We are prepared to work with you to bring about a result that does something in a hurry. If we worked together, if we came forward with a program together, we would be able to pass it promptly through the Congress of the United States.

But day after day, we cannot get the cooperation of the Administration on programs of concern to literally hundreds of thousands, in some instances millions, of Americans who are getting the short end of the economic scheme in this country.

Thank you, Madam Chairman. Excuse me for getting exercised, but it bothers me.

Mr. JONES. If I might, Senator, I take issue with several of your comments. The Administration proposed a set of changes last year to the Congress, and we did not get any response or support in addressing those issues. That legislation directly addressed the points that you just mentioned—changes in the formula, changes in the eligible group, changes in the services that we think are needed to do that.

Secondly, we have spent a billion dollars on research, on demonstrations across this country. We have learned something from them——

Senator METZENBAUM. Is there a bill? I cannot find it.

Mr. JONES. Yes, sir. There is still a bill pending before this Congress. It is available if you would like to join with us in taking a look at it. We would be delighted.

Senator METZENBAUM. We do not know what it is. Who has it? Who introduced it?

Mr. JONES. It was introduced at the beginning of last year as a part of the comprehensive overall Trade Bill. It was to redefine the——

Senator METZENBAUM. That was part of the Comprehensive Summer Youth Program.

Mr. JONES. Yes, sir. It was to reconstruct that money to do many of the things that you have addressed here. Secondly, Mr. Chairman——

Senator METZENBAUM. Is the Administration prepared to sit down with us now, promptly, this week, and work out some kind of movement forward on this problem of disadvantaged youth?

Mr. JONES. Absolutely. We are not only interested in doing that. We are interested in doing it on several of the subjects that you have raised——

Senator METZENBAUM. I am not talking about a comprehensive bill. I would like to do it to take care of these kids. One bill; move it fast; get Quayle and Hatch——

Mr. JONES. Senator, this bill does not take care of these kids. This bill does not take care of the numbers of disadvantaged kids that we have out there. The issue is much larger than that, and it is an issue of targeting a substantial amount of resources into it.

There are very valid issues here that we would be happy to sit with the Committee and address in terms of changes in the current law to increase its efficacy and targeting. We do not think that the money issue is the only part of this at all at this point. But we do think there are flaws in the current system, ones that we would be delighted to sit down with the Committee and address.

I will suggest to you further that you will see formal statements along this line in the next few weeks, as the budget and legislative programs come out, that continue to suggest our willingness to address this series of issues within the current structures that we have to try to target these systems in order that we can affect these kids.

Senator METZENBAUM. I invite the Secretary and such others as she wants to bring along to meet with Senator Kennedy, the overall Chairman of the Committee, myself, and other members of the Labor Committee. We are prepared to meet, to work out a piece of legislation. We will be happy to invite in Senator Hatch, Senator Quayle, and others on the Committee from that side of the aisle. We would like to get some action and get it promptly. The invitation is out to you, and we await further word from you.

Senator MIKULSKI. Mr. Jones, I share many of the sentiments expressed by Senator Metzenbaum. We have a couple of situations here. One, we did have some reforms in terms of job training that we moved through the Trade Bill. That is now kind of out there, if you will, in conference, and so we are waiting to see where that is.

Second, some of the suggestions made by the Administration meant that it was the same money spread too thin.

But what I am going to come to is this. I think we all agree that this is not only an at-risk population, but in terms of our country, it is a high-risk population. Obviously, you are thinker and an administrator of long-term experience. I am sure you, like I, remember James Conan's book, "Social Dynamite"—well, we do not want that dynamite to explode. So the question is how can we deal with it.

And I think some of your points are well-taken in terms of the complexity of the bill. As someone who was both a welfare administrator and a city councilwoman, sometimes, we destroy ourselves the good objective.

You talk about the method of allocating funds, and I think the previous witnesses have talked about that. And also, I think Senator Metzenbaum has said they are dealing with that in terms of his own suggestions.

You talked about eligibility criteria and data requirements that differ from other JTPA programs and the number and variations of the demonstration projects.

I think those are all valid, because one of the things I have learned is that JTPA, for what it tried to do, is doing it. We are now wanting to go and not just "cherrypick" populations.

I would not like us to have an alternative to JTPA, and I think what the League of Cities and Conference of Mayors are saying is if we are going to target high-risk, put it within the framework of the JTPA.

I think that is a very excellent recommendation for us to explore. I think that is the kind of thing that might have bipartisan support between Senator Quayle and Senator Metzenbaum and myself.

I know that we have done a great deal of social research, and I know you are turning to institutions with longstanding activity in this area, like Brandeis. So I think what we are looking at is how can we go after this at-risk population—not necessarily invent a new structure or new complicated formulas, because everybody will go running off to meet the requirements rather than meeting the goal.

I think those are the kinds of concrete things that if we could start working on, would be very useful to the Committee. And we look forward to——

Mr. JONES. And those things, let me assure you, we are absolutely willing to address. We think there are several very important problems. The allocation process not only of JTPA currently, but several other major programs, clearly do not target moneys into this type of an issue.

Senator MIKULSKI. That is right.

Mr. JONES. Secondly, the coordination issue. We cannot address disadvantaged youth without bringing together the major education programs and our programs and the HHS programs that are all targeted on that group of people, but in the City of Baltimore are not working together to focus on that issue, and sometimes we create Federal barriers in our legislation.

Senator MIKULSKI. Well, actually in the City of Baltimore, they are trying to work together. But your point is well-taken.

So I think one, we are trying to look at perhaps how this could interact with JTPA or be in addition to JTPA as a very important first step, and recognizing that this is just a hardcore population. But I think that is where we would want to start in the first instance.

Now, we have with us today a Senator who has had a longstanding interest in this area of activity, and over in the Judiciary Committee, Senator, I believe you chaired a committee on juvenile delinquency; am I correct?

Senator SPECTER. The Juvenile Justice Subcommittee, Madam Chairman, yes, in Judiciary, for six years.

Senator MIKULSKI. That is exactly right, and I know that you have learned a lot about this particular population, not when they are young, but when we are supporting them in Federal prisons and in parole situations.

Senator Specter, we welcome you to this hearing and wonder if you have any questions or something you would wish to pursue.

Senator SPECTER. Thank you, Madam Chairman.

First I commend you, Madam Chairman and this Subcommittee for undertaking these hearings on this very important legislation which I have cosponsored along with Senator Metzenbaum and others. And I regret that I could not have been here earlier because of so many commitments, but I did want to come by, and I would ask leave that a statement be put in the record at the outset, if I may, Madam Chairman.

Senator MIKULSKI. Without objection.

STATEMENT OF HON. ARLEN SPECTER, A U.S. SENATOR FROM THE STATE OF PENNSYLVANIA

Senator SPECTER. I am interested to hear your comments, Mr. Secretary. I know of your interest personally and the interest of your department, and it is an enormous problem which requires a concerted attack and cooperation between the Administration and the Congress.

As the Chairman has noted, I have been involved in these problems very deeply as chairman of the Juvenile Justice Subcommittee for six years, 1981 through 1986 on the Judiciary Committee, but before that time had a great deal of experience as District Attorney of the City of Philadelphia, where a good bit of our efforts were directed to try to get people out of the juvenile crime cycle, and employment is a critical factor along that line.

And I have seen the problems in our big cities like Philadelphia and Pittsburgh, but it is also a problem in lesser cities. It does not have to be Philadelphia or Pittsburgh or Baltimore or Cleveland to command our attention.

I think that Senator Metzenbaum's thought is a good one, to have the highest-level people sit down and try to get the program moving forward. And there have been ideas, as you have outlined, from your department, from the Administration and from you, and we really need to get together and intermesh them, but too often, we all have so many other responsibilities that they just do not get attended to unless people at the Secretarial level or at the Senatorial level work on them.

I want to thank you collaterally for some of the activities that your Department and my staff have been working on, trying to get some model programs for youth in some of the cities in Pennsylvania. That is a small part of the problem, and this addresses it in a larger context.

So I am glad to be here if only briefly, and I have other commitments, Madam Chairman and am going to ask to be excused. I think the work of this Subcommittee is very important, and I would like to see it go forward, and I would personally commit my own time to come to such a meeting and try to move it ahead expeditiously.

Senator MIKULSKI. Well, thank you, Senator. You should know in the previous panel that testified, Mayor Schmoke particularly drew an analysis of experience between you and him, former prosecutors who then spent your time prosecuting kids when really, deep in your heart, you wanted to help kids. We thank you again for your bipartisan support on this, and we will be picking up on it.

Senator SPECTER. Thank you.

Senator MIKULSKI. Mr. Jones, I think part of what we are saying is let's sit down and start working it out. And I think there are those of us who would like to head in the direction of and to be able to interlock it and interweave it with JTPA, starting with that as the rubric.

Second, I think that Mayor Schmoke and Senator White had some good ideas that I would like both Committee staff and you to consider. The White idea of a market analysis, I think is good. You know, we do not want the World War II GI Bill experience, where we were training pilots after World War II, and we had a surplus of pilots. You understand that.

I think the Schmoke recommendation for sign-off and some of the others out of the League of Cities, is important, because we do not want a group to be able to just come in and apply for funds and go off on their own. We know that in order to have a multiplier effect on the community, we need the coordinated efforts of all the agencies.

So let's put our thinking caps on, pull out the blue pencils, and like Senator Specter, I will be happy to come to a meeting so we can get started.

Thank you both very much.

I would like now to move to our panel of very distinguished witnesses. I am going to ask Marian Wright Edelman, of the Children's Defense Fund; Mr. Fritz Wenzler, of Johnson & Johnson; and Dorothy Stoneman, the President of the Youth Action of the East Harlem Block Schools, a very innovative program, to please come on up.

We want to thank you for coming. Actually, I have heard about each member of the panel. Some, we have worked with, like Ms. Edelman; and Ms. Stoneman, we have been reading about your wonderful and exciting, dynamic approach to this kind of adult population that is either in our schools, roaming our corridors, with really no place to go, as well as those out on the street. And you, Mr. Wenzler, with Johnson & Johnson, heading up a PIC program in New Jersey, where you have really put in the resources of the private sector, I think, in a very creative way.

So we look forward to hearing all of your testimony. And what is so great is that you have been right out there on the front lines, so you know what works and what does not. And sometimes, we like to fund good intentions, which do not necessarily result in good results.

So, Ms. Edelman, do you want to lead off?

STATEMENTS OF MARIAN WRIGHT EDELMAN, PRESIDENT, CHILDREN'S DEFENSE FUND, WASHINGTON, DC, ACCOMPANIED BY CLIFF JOHNSON, DIRECTOR, YOUTH EMPLOYMENT DIVISION, CDF; FRITZ WENZLER, VICE PRESIDENT, CORPORATE STAFF, JOHNSON & JOHNSON, NEW BRUNSWICK, NJ, AND CHAIRMAN, GREATER RARITAN PRIVATE INDUSTRY COUNCIL; AND DOROTHY STONEMAN, PRESIDENT, YOUTH ACTION PROGRAM OF THE EAST HARLEM BLOCK SCHOOLS, NEW YORK, NY

Ms. EDELMAN. Thank you, Senator Mikulski.

I am very pleased to have this opportunity to testify on behalf of the Children's Defense Fund on S. 1731, but also to represent the National Youth Employment Coalition, a group of more than 50 organizations across the country concerned about the employment and training needs of America's young people, especially those who are most disadvantaged.

The Coalition recently adopted a policy statement urging immediate Senate consideration of the Youth Employment Services Act that Senators Metzenbaum, Specter and yourself have sponsored, which is a long overdue response to the persistent employment barriers facing the Nation's most disadvantaged youth.

I will submit the full text of the Coalition's statement and a list of endorsing organizations for the record.

I want to thank you and the cosponsors for your leadership on this important issue, and you, for chairing this important hearing. I particularly welcome the leadership and strong voice of Senator Metzenbaum in stimulating discussions about the appropriate Federal response within Congress and look forward to working with Members of this Committee, including the Chair today, in trying to refine and strengthen a youth employment measure for immediate consideration by the Senate.

We are so deeply concerned about the future employment and earnings prospects of today's most disadvantaged youth, and we believe the Congress can no longer ignore this plight. The deteriorating employment prospects of older teenagers and young adults with less than a high school education reflect a profoundly disturbing national trend, one that has received far too little attention in Federal policy during the 1980s.

Compelling evidence shows that young people with the least education are being left behind. It can be found in falling full-time employment rates for high school dropouts over the past two decades, among other indicators. As recently as 1968, a majority of male dropouts under 20 still managed to find full-time jobs. But by 1986, fewer than one in three could do so. Full-time employment rates for female dropouts also fell from 21 to 13 percent during this same period.

The employment problems of less-educated youth do not evaporate when they reach adulthood. A recent report by the Children's Defense Fund, with the help of Dr. Andrew Sum at Northeast University's Center for Labor Market Studies, found that the average earnings of male dropouts ages 20 to 24 fell by 42 percent between 1973 and 1986, with even more severe losses of 61 percent among young black male dropouts.

Young male graduates not going on to college also suffered major earnings declines, and only young men with a college degree were substantially shielded from such losses.

One of the clearest lessons to be drawn from this data is that a strong foundation of basic academic skills is essential for young people to compete in today's job market. Those with the weakest basic skills are five times more likely to drop out of school and to be jobless than those with above-average skills. And as the Chair knows, we have been deeply concerned with teenage pregnancy prevention efforts, and again we find that the two best predictors of who is going to be pregnant are poverty and basic skills levels. Young people who are in the bottom fifth in reading and math by the time they are 18, when compared to those with above-average skills, are nine times more likely to have babies out-of-wedlock. And when we hold basic skills and poverty rates constant, there are almost identical teen pregnancy rates between black, white and Hispanic young people.

Another powerful and inescapable conclusion which arises from our research is that young families are rapidly losing ground in our society and many are not even getting started as a result of worsening economic conditions. While the median income of all American families was roughly the same in 1986 as it was in 1973, after adjusting for inflation, the median income for young families, those headed by individuals under 25, has fallen by nearly one-fourth. One-half of all children living in young families and nearly three-fourths of all black children in such families now live in poverty.

Therefore it is important for the Nation to understand that the problems of less educated young people are not simply an employment issue but also a family issue and that the stability of the next generation of families is now jeopardized by our failure to respond to widespread joblessness and falling earnings among disadvantaged youth.

Young men who earn enough to support at least a small family above the poverty level are consistently three to four times more likely to marry than those with earnings below the three-person poverty line.

When we look at the decline in marriages in the black and white communities, and when we look at the fact that 60 percent of all black babies today are being born to never-married mothers, and the failure of black families to form, the explanation lies right here in the lack of preparation for jobs, in the lack of adequate jobs, stable jobs, and jobs that pay a wage that enables them to support a family.

There is no higher priority than providing a stable economic base for young families in America.

Earnings losses among young workers have been fueled by several factors. For those who find work, the culprit is an eroding minimum wage, which has lost one-fourth of its real value since 1981. The Congress has the opportunity to do something about that this year by indexing it to keep pace with average pay levels. CDF is hopeful that members of this Committee will take a leading role in this effort.

For other young people, falling earnings are the result of fewer opportunities to work. Education and training initiatives such as those envisioned in S. 1731 are therefore essential to prepare our most disadvantaged youth for the jobs that will be available in growing sectors of the United States economy.

We have been greatly encouraged by your leadership in introducing this bill. It targets assistance to severely disadvantaged young people who are rarely served by programs funded under Title II-A of the Job Training Partnership Act. It also charts the appropriate direction for solutions to the problem of severely disadvantaged youth by placing a heavy emphasis on the development of basic academic skills and the provision of more intensive vocational training and support services.

There are numerous other components of the bill as introduced which deserve strong support by this Committee. We applaud, for example, the Act's recognition of the need for support services such as child care, counseling and transportation, which enable disadvantaged youth to participate in education and training programs. And we applaud and support your call for collaborative efforts on the part of all members of the community.

I will not go over my time. We have submitted a broader statement for the record, and I will leave it there, and be responsive to any questions that you might have.

Senator **Mikulski**. Thank you very much, Ms. Edelman. Your entire testimony will be submitted in the record in full.

Would you introduce the man next to you?

Ms. **Edelman**. Yes. This is Cliff Johnson, who will answer all of your hard questions, who is the Director of our Youth Employment Division at the Children's Defense Fund.

Senator **Mikulski**. Thank you.

[The prepared statement of Ms. Edelman with an attachment follows:]

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Washington D.C. 20001

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BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

HEARING ON S. 1731, THE YOUTH EMPLOYMENT SERVICES ACT

FEBRUARY 2, 1988

Presented by

Marian Wright Edelman
President
Children's Defense Fund

Madame Chair and Members of the Subcommittee:

I am Marian Wright Edelman, president of the Children's Defense Fund (CDF), a privately-supported public charity that for 15 years has sought to serve as an advocate for poor children and their families. CDF's goal is to educate the nation about the needs of poor children and encourage preventive investments which will protect and promote their full and healthy development. CDF's work spans a broad range of public policy issues, including youth employment, education, family income, health care, child care, and specialized services that are essential to the well-being of the next generation and the future of the nation.

I am pleased to have the opportunity to testify on CDF's behalf at this hearing on S. 1731, the Youth Employment Services Act sponsored by Senators Metzenbaum and Specter. In appearing before the Subcommittee today, I am also pleased to represent the National Youth Employment Coalition, a group of more than 50 organizations across the country concerned about the employment and training needs of America's young people, especially those who are the most disadvantaged. The Coalition recently adopted a policy statement urging immediate Senate consideration of S. 1731 as a long-overdue response to the persistent employment barriers facing the nation's most disadvantaged youths. The Coalition's statement applauds the YES Act for building upon the lessons of past research and recognizing the valuable role that community-based organizations can play in the development of effective youth programs. I will submit the full text of the Coalition's statement and list of endorsing organizations for the record.

Let me begin by expressing CDF's great appreciation to Senators Metzenbaum and Specter for their strong support of efforts to help America's children and youth, including their leadership in sponsoring S. 1731, and to Senator Mikulski for chairing this important hearing. The deteriorating employment prospects of older teenagers and young adults with less than a high school education reflect a profoundly disturbing national trend, one that has received far too little attention in federal policy during the 1980s. We particularly welcome the strong voice of Senator Metzenbaum in stimulating discussions of an appropriate federal response within the Congress, and we look forward to working with you and other members of the Committee on Labor and Human Resources to refine and further strengthen a youth employment measure for consideration by the Senate.

I would like to take a few minutes this morning to explain why CDF is so concerned about the future employment and earnings prospects of today's most disadvantaged youths, and why we believe the Congress can no longer ignore their plight. In addition, I will offer some general comments on the approach to these problems taken in S. 1731 and a few specific recommendations on how the bill might be strengthened by the Committee.

Falling Employment Rates and Declining Earnings

With the nation's overall unemployment rate at its lowest level in nearly a decade, continuing joblessness among substantial segments of our population is all too easily and frequently overlooked. Underlying the general improvement in employment conditions, however, are troubling declines in jobs and wages for America's youngest and most vulnerable workers. If they continue unabated, these trends threaten to undermine the strength of the U.S. economy and jeopardize the very formation of our next generation of young families.

We have grown accustomed to data showing that young people who drop out of school prior to graduation find it difficult to secure stable employment. Yet the most troubling sides of this evidence--that job prospects are deteriorating for such youths, and that these problems persist into adulthood--are less familiar and not broadly understood. Contrary to popular perception, the basic academic skills of young Americans are not declining. But our economy is changing rapidly, imposing new and higher skill requirements which growing numbers of our young people cannot meet.

Compelling evidence that young people with the least education are being left behind can be found in falling full-time employment rates for high school dropouts over the past two decades. As recently as 1968, a majority of male dropouts under age 20 still managed to find full-time jobs, but by 1986 fewer than one in three could do so. Full-time employment rates for female dropouts also fell from 21 percent to 13 percent during this period. Many of the stable jobs open to dropouts in the late 1960s have either disappeared with the decline of U.S. manufacturing industries or are now reserved for workers with at least a high school diploma.

The employment problems of less educated youths do not evaporate when they reach adulthood. Particularly among young adult men, the combination of weak basic academic skills and an eroding wage base have contributed to dramatic declines in their real annual earnings. A recent report by CDF and Dr. Andrew Sum at Northeastern University's Center for Labor Market Studies found that the average earnings of male dropouts ages 20 to 24 fell by 42 percent between 1973 and 1986, with even more severe losses (61 percent) among young black male dropouts. Young male graduates not going on to college also suffered major earnings declines (28 percent), and only young men with a college degree were substantially shielded from such losses.

Earnings losses among young workers have been fueled by several factors. For some young people who manage to find work, the culprit is an eroding minimum wage, which has lost one-fourth of its real value since 1981. It is time for the Congress to raise the federal minimum wage and index it so that it keeps pace with average pay levels, and CDF is hopeful that members of this

Committee will take a leading role in that effort this year. For other young people, falling earnings are the result of fewer opportunities to work. Education and training initiatives such as those envisioned in S. 1731 are therefore essential to prepare our most disadvantaged youths for the jobs which will be available in growing sectors of the U.S. economy.

One of the clearest lessons to be drawn from this data is that a strong foundation of basic academic skills is essential for young people to compete in today's job market. CDF has undertaken extensive research to examine the link between basic skills and teenage pregnancy, documenting that youths who by age 18 have the weakest reading and math skills are eight times more likely to bear children out of wedlock than their peers with above-average skills. Yet the relationship between strong basic skills and youth employment is equally striking. Young people with the weakest basic skills are five times more likely to drop out of school and be jobless than those with above-average skills.

Another powerful and inescapable conclusion which arises from our research is that young families are rapidly losing ground in our society, and many are not even getting started as a result of worsening economic conditions. While the median income for all American families was roughly the same in 1986 as it was in 1973 (after adjusting for inflation), the median income for young families (those headed by individuals under 25) has fallen by nearly one-fourth. One-half of all children living in young families, and nearly three-fourths of all black children in such families, now live in poverty. High rates of joblessness and falling earnings for young workers lie at the heart of these profoundly disturbing trends.

We must come to understand that the problems of less educated young people are not simply an **employment** issue but also a **family** issue, and that the stability of our next generation of families is now jeopardized by our failure to respond to widespread joblessness and falling earnings among disadvantaged youths. Young men who earn enough to support at least a small family above the poverty level are consistently three to four times more likely to marry than those with earnings below the three-person poverty line. Between one-third and one-half of the sharp declines in marriage rates among young men during the past decade can be directly linked to their falling earnings. We need to provide a stable economic base for young families in America, and one place to begin is by providing the education and training young people need to compete in the labor market.

Responding to the Needs of Severely Disadvantaged Youths

How do we reverse the trend toward lower earnings which now threatens the futures of young workers and their families? Part of the problem arises directly from an eroding wage base in the

American economy, and the solution will come only with a fundamental shift in economic priorities which places greater emphasis on family wages and the support of children rather than corporate takeovers and tax breaks for the wealthy. Yet we can also take some immediate steps to build a stronger foundation for young families. The place to begin is by investing in that segment of our youth population currently left behind by our schools and frequently forgotten by our employment and training programs--those teenagers and young adults with neither a high school diploma nor a realistic hope of securing a stable job at a decent wage.

CDF has been greatly encouraged by the introduction of S. 1731, in part because it clearly defines the challenges we must meet in order to strengthen our federal youth employment efforts. The YES Act targets assistance to severely disadvantaged young people who are rarely served by programs funded under Title II-A of the Job Training Partnership Act (JTPA): economically disadvantaged 16-24 year olds who have left school with reading and math skills below the eighth grade level, and have not participated in an education or training program or worked more than 150 hours during the previous nine months. Of course, no set of eligibility criteria can capture the full range of individual circumstances which place young people at risk. For example, youths who have participated briefly and unsuccessfully in other education or training programs should not be categorically excluded from demonstration projects. Local partnerships also should be given some flexibility to ensure that they can serve teenagers who are homeless, leaving the foster care system, too poor to document their family income, or otherwise in crisis. Still, the YES Act puts us on the right track, promoting cost-effective investments in those young Americans who most desperately need our help.

The YES Act also charts the appropriate direction for solutions to the problems of severely disadvantaged youths by placing a heavy emphasis on the development of basic academic skills and the provision of more intensive vocational training and support services. Improvements in basic skills and the acquisition of a GED are often necessary first steps on the road to productive employment, but JTPA programs are rarely of sufficient duration to enable many school dropouts to reach these goals. Moreover, JTPA performance standards in many cases discourage local service delivery areas from launching more intensive training efforts, despite provisions in the federal statute designed to permit adjustment of these standards for more disadvantaged participants. The YES Act is clearly structured to allow and encourage local communities to move in a different and more promising direction.

There are numerous other components of S. 1731 as introduced which deserve strong support by the Committee. For example, CDF applauds the YES Act's recognition of the need for support services such as child care, counseling, and transportation which enable severely disadvantaged youths to participate in education and training programs. The bill also acknowledges that initial job placement does not always translate into lasting gains in the labor market for participants, and authorizes monitoring and transitional support services for a period of up to 18 months following completion of the program.

CDF also welcomes the efforts made by the sponsors of S. 1731 to design ways of drawing diverse segments of the community into collaborative efforts on behalf of severely disadvantaged youths. We enthusiastically endorse the intent of provisions in the YES Act which require local demonstration projects to be sponsored by partnerships between public or private nonprofit agencies and local businesses or industry associations. But at the same time, we are concerned that these provisions may define the ingredients for successful collaboration too narrowly, excluding joint efforts which may not have direct business participation but nonetheless provide a strong foundation for progress. CDF urges the Committee to open competition for grants under the YES Act to a broader range of local partnerships, giving priority to those with the greatest diversity and allowing the nonfederal match to be met with state or local public funds as well as private resources.

One of the more difficult tasks facing the Committee in its consideration of S. 1731 will be to strike a reasonable balance between the bill's primary goal of stimulating innovative new projects and the desire to promote and reward effective efforts. CDF strongly supports the concept of success payments for effective programs, but we are also deeply concerned that even the best demonstration projects need a stable funding base and time to develop before they can produce results. The heavy reliance upon success payments in the second and third years of operation envisioned under the YES Act may discourage risk-taking by local partnerships, penalize promising but untested innovations, and establish unrealistic expectations for job placements and retention. As an alternative, CDF recommends that S. 1731 be revised to provide a stable, three-year funding base for demonstration projects, with success payments used to continue the most effective programs in succeeding years.

Finally, CDF believes that a strong evaluation component must be a central part of any demonstration program, and we hope that the YES Act can be structured to encourage testing of approaches which seem particularly promising. For example, there is increasing interest throughout the country in efforts to guarantee college tuition payments or training opportunities for disadvantaged youths who earn their high school diploma or GED. Similar attempts to combat lack of hope and opportunity among poor and minority youths should be encouraged in S. 1731, with special consideration given to projects which seek to serve all eligible youths within specific neighborhoods or communities. Vocational training and education projects which engage young people in productive work within their communities (such as rehabilitating low-income housing or other public facilities) have also received insufficient attention at the federal level and should be encouraged under the YES Act.

Building the Foundation for a Youth Employment System

It is clear that we need to create stronger incentives for serving severely disadvantaged youths. Under JTPA, local communities frequently spend their limited federal funds to serve young people with fewer barriers to employment, thereby ensuring that they meet the program's ambitious performance standards. Those communities which attempt to help harder-to-serve youths do so at their own risk, facing the possibility of sanctions if they fail and reaping no financial rewards for success.

S. 1731 represents a first step toward incentives to reach those young people who are now being left behind. With JTPA programs currently reaching only about 5 percent of the eligible youth and adult population, and the Job Corps serving just 3 percent of the nation's unemployed teenagers, additional federal investments for youth employment and training efforts are essential. The YES Act will ensure that increased funding is carefully targeted on those most in need of assistance, and its demonstration projects will chart a course for future improvements in broader federal employment and training programs.

At the same time, however, we also need to begin building a foundation for a more stable and effective youth employment system. In many ways, America currently has no youth employment system--we have a collection of federal programs and an ever-changing array of local service providers, but no framework for investing in the knowledge and capacity of institutions which are attempting to meet the employment and training needs of our nation's young people. Without sustained efforts to learn from past experience, it is impossible to expect states or local communities to serve the most disadvantaged youths and tackle their toughest problems effectively.

CDF believes that the place to start bolstering the capacity and effectiveness of current youth programs is by strengthening their ability to teach basic academic skills. Everyone acknowledges that basic skills play a critical role in shaping the futures of our young people, and yet the federal government makes virtually no investment in the quality of educational programs serving youths in out-of-school settings. We seem to assume that local youth-serving agencies--whether their expertise is in vocational training, crisis intervention, recreation or counselling--will recognize that basic skills are important and somehow provide high-quality education services. More often, they are either unable to respond to the need or manage to launch only the most rudimentary programs with limited success.

To enhance our young people's basic skills in out-of-school settings, CDF has proposed a series of federal investments designed to stimulate the establishment of community learning centers throughout the nation. Under our proposal, targeted federal grants would support the creation of new and more diverse educational opportunities for poor and minority youths, and state-administered revolving loan funds would be used to help finance the acquisition of curricula and other learning materials of demonstrated effectiveness. A community learning center initiative would greatly enhance the capacity of youth employment and training programs to meet the remedial education needs of severely disadvantaged youths. Therefore, CDF urges the Committee to authorize grant and loan funds for these purposes as part of its consideration of S. 1731.

The Committee should also examine several other steps which would improve the effectiveness of current youth employment efforts by utilizing the knowledge we already have from recent research and program evaluations. For example, CDF believes that a modest investment in federal incentive grants to local communities could stimulate greater use of model programs within the JTPA system, and we recommend that a national panel of experts be assembled to establish clear criteria for the selection of such proven or promising approaches. We should also explore ways of building upon the successes of the Job Corps, both by expanding federal support for this cost-effective program and by linking existing Job Corps centers with new or developing nonresidential programs serving severely disadvantaged youths. Finally, CDF urges the Committee to respond to growing evidence of the importance of learning during the summer months by strengthening the remedial education component of the federal Summer Youth Employment Program, targeting additional funds to local communities which provide educational services for all participants with basic skills below grade level.

In closing, I would stress that there is much work to be done, but there are also exciting new opportunities for progress if we invest our resources wisely. CDF views S. 1731 as an excellent starting point for a long-overdue response to the problems facing our most disadvantaged young people. We commend Senators Metzenbaum and Specter for their efforts to develop and improve the YES Act, and we look forward to working closely with the Committee in bringing a strong bill to the Senate floor at the earliest possible date. Thank you.

National
Youth Employment
Coalition

Room 1111
1501 Broadway
New York, NY 10036
(212) 840-1801

Washington Office:
(202) 484-0103

February 1, 1988

The Honorable Howard M. Metzenbaum
Chairman
Subcommittee on Labor
United States Senate
428 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Metzenbaum:

The undersigned members of the National Youth Employment Coalition urge immediate Senate consideration of S. 1731, the Youth Employment Services (YES) Act of 1987, introduced by you and Senator Specter. The Coalition commends you for your leadership and diligence on behalf of America's disadvantaged young people.

The modest federal investments called for under the YES Act will yield substantial returns by reducing joblessness, increasing productivity, expanding the federal tax base, and improving the prospects for the formation of stable young families. S. 1731 also will stretch limited federal funds by leveraging private sector involvement in job training efforts for severly disadvantaged teenagers and young adults, including essential job commitments for participants who complete the program.

The YES Act will establish 75-100 public/private partnerships throughout the country to provide remedial education, vocational training, and job placement for low-income youths lacking minimal reading and math skills, a high school diploma, or recent work experience. This approach builds on the lessons of past research: it places heavy emphasis on the acquisition of strong basic academic skills; it seeks to ensure that specific occupational preparation is tied to local labor market needs; it promotes cost-effective interventions by targeting those most in need; and it provides clear rewards and incentives for success. S. 1731 also recognizes the valuable role that community-based organizations can play in the development of effective programs for severely disadvantaged youths by requiring that CBOs be full partners in at least 25 percent of the demonstrations.

The YES Act alone will not solve America's youth employment problem. However, S. 1731 addresses one of the major shortcomings of current programs funded through the Job Training Partnership Act by assisting poor, chronically unemployed youths who lack basic academic and work skills and are rarely served as part of current JTPA initiatives. Enactment of S. 1731 in the 100th Congress will move us a step closer to the goal of a trained and productive work force for the 21st century, while at the same time rekindling the hopes and recapturing the contributions of thousands of young Americans now shut out of a rapidly changing labor market. We believe the nation can afford to do no less, and we urge prompt Senate action on this long-overdue response to the persistent employment barriers facing the nation's most disadvantaged young people.

Sincerely,

Children's Defense Fund
National Council of La Raza
National Urban League
OICs of America
70001 Training and Employment Institute
American Youth Work Center
Child Welfare League of America
Federation Employment and Guidance Service
Forum for Forecasting
Girls Clubs of America
Jobs for Bay State Graduates
Jobs for the Future
Jobs for Youth - Boston
Jobs for Youth - Chicago
Jobs for Youth - New York
Joint Action in Community Service
Los Angeles Regional Coalition of Service Providers
National Committee for Full Employment
National Network of Runaway and Youth Services
National Puerto Rican Forum
New England Community Action Association
United Neighborhood Centers of America
Utah Youth Employment Coalition
Vocational Foundation, Inc.
Y.M.C.A. of the U.S.A.
Youth Network Council of Chicago/Illinois
    Collaboration on Youth
Youth Service America

National
Youth Employment
Coalition

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1501 Broadway
New York, NY 10036
(212) 840-1801

Washington Office:
(202) 484-0103

Position Statement in Support of S. 1731, the Youth Employment Services Act

The undersigned members of the National Youth Employment Coalition urge immediate Senate consideration of S. 1731, the Youth Employment Services (YES) Act of 1987, introduced by Senator Metzenbaum (D-Ohio) and Senator Specter (R-Pennsylvania).

The modest federal investments called for under the YES Act will yield substantial returns by reducing joblessness, increasing productivity, expanding the federal tax base, and improving the prospects for the formation of stable young families. S. 1731 also will stretch limited federal funds by leveraging private sector involvement in job training efforts for severly disadvantaged teenagers and young adults, including essential job commitments for participants who complete the program.

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The YES Act alone will not solve America's youth employment problem. However, S. 1731 addresses one of the major shortcomings of current programs funded through the Job Training Partnership Act by assisting poor, chronically unemployed youths who lack basic academic and work skills and are rarely served as part of current JTPA initiatives. Enactment of S. 1731 in the 100th Congress will move us a step closer to the goal of a trained and productive work force for the 21st century, while at the same time rekindling the hopes and recapturing the contributions of thousands of young Americans now shut out of a rapidly changing labor market. We believe the nation can afford to do no less, and we urge prompt Senate action on this long-overdue response to the persistent employment barriers facing the nation's most disadvantaged young people.

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Vocational Foundation, Inc.
Y.M.C.A. of the U.S.A.
Youth Network Council of Chicago/Illinois
    Collaboration on Youth
Youth Service America

Senator MIKULSKI. We would now like to turn to Mr. Wenzler, Vice President, Corporate Staff at Johnson & Johnson, and Chairman of the Greater Raritan Private Industry Council, representing the New Jersey counties of Middlesex, Somerset and Hunterdon.

Mr. WENZLER. Good morning, Madam Chairman, Senator Metzenbaum.

I very much appreciate the opportunity to appear before you today and comment on S. 1731. We at Johnson & Johnson would like to join those who have preceded us in appearing before this Committee and expressing our concern over the plight of severely disadvantaged young people.

In human terms, the loss of self-esteem and dignity suffered by these youth is intolerable in a country with our system of values and traditions. In economic terms, it represents a tragic waste of talent at a time when the growth of the labor market is slowing, and the demands of business and industry for skilled and willing workers is rising yearly.

It is for this reason that the initiatives of S. 1731 are particularly timely and valuable. We need to demonstrate in a convincing fashion that we have the knowledge and capacity to provide those services and opportunities to disadvantaged young people that will, in a cost-effective manner, help them move into a lifetime of employment.

Evaluations of prior efforts suggest that the tools to do the job are available but that we have much to learn about how to use those tools. The demonstrations developed under this kind of legislation can play an important role in helping to define the mix and intensity of services required and the delivery systems best suited to achieve our goals at a cost that is within the Nation's ability to bear.

If it can be responsibly demonstrated that we do know how to make a positive contribution to the employability of severely disadvantaged young people, it will enable us to garner the support of the Congress and the American people needed to launch a major attack on youth unemployment.

The testimony you heard last year from Mr. James Hyman of the Manpower Demonstration Research Corporation dealt with ongoing efforts to determine the effectiveness of various approaches to helping disadvantaged young people become job-ready. It is important that programs funded under S. 1731 be required to contribute in some fashion to the developing body of knowledge that MDRC and others are cataloguing.

S. 1731 also is aimed at demonstration of the ability and capacity of the business community to be a significant partner with public agencies in providing services to disadvantaged youth.

Legislation calling for participation of partnerships involving private companies or associations needs to be very clear about what roles the private organizations are expected to play. Roles which are not clearly defined are difficult to evaluate, and their demonstration value therefore becomes marginal.

The Committee may wish to review the capacities in which private organizations have served and highlight those which should receive priority in the demonstration projects.

In New Jersey, the State has recently developed an employment policy which hopes to coordinate all programs that have employment and training activities. Its ultimate goal is to have local Private Industry Councils serve as local planning boards for all human resources programs.

As the chair of a local Private Industry Council—and incidentally, that is a three-county-wide council that I chair—I believe this will enhance our ability to provide more support and coordination of activities to the unemployed.

I recommend that this legislation maintain the Private Industry Council as the centerpiece for planning employment training in the community. I would hope that the outcome of the proposed demonstrations would show ways to expand and enhance the public/private partnership that already exists.

This leads me to my final point on strengthening the demonstration value of this legislation. It is of vital importance in my mind, as S. 1731 points out that our program efforts be disciplined to operate on a cost-effective basis. There has been a tendency over the years to assume that programs to help severely disadvantaged youth succeed or fail only because of their conceptual design. There is an additional factor, however, which is of equal importance in my experience, and that is that the competence with which the program is operated is absolutely fundamental. This frequently overlooked factor is arguable the cause of more disappointing results in programs to aid the disadvantaged than flaws in conceptual design.

There is also a learning curve associated with program operation. One cannot assume that the cost or outcome of the first year's operation will necessarily reflect subsequent performance.

A program requiring new funds needs to be more than a worthy effort. It needs to be one generally viewed as taking precedence over other worthy demands for public resources, as you so well know.

I believe that the goals of S. 1731 are important to warrant funding a demonstration program which may lead to a better understanding of how to help severely disadvantaged youth overcome their employment handicaps.

I am convinced, however, that as S. 1731 is currently structured, there will be an understandable temptation to use program resources without concern over the demonstration value of the project.

The plight of our severely disadvantaged youth is too acute for both humanitarian and economic reasons for it to continue ignored and unattended. I commend Senator Metzenbaum, the Subcommittee, Madam Chair, the other sponsors of the bill and the Members of the entire Committee for their attention to this legislation.

Thank you very much.

Senator MIKULSKI. Thank you, Mr. Wenzler, for a fast-paced but most comprehensive testimony. We are going to be coming back to you.

[The prepared statement of Mr. Wenzler follows:]

Testimony of
O. F. WENZLER
Vice President, Corporate Staff
JOHNSON & JOHNSON
and
Chairman
Greater Raritan Private Industry Council, Inc.
New Brunswick, New Jersey
Before the
Subcommittee on Employment and Productivity
February 2, 1988
Washington, D.C.

Mr. Chairman, members of the Committee, my name is FRITZ WENZLER and I am Vice President, Corporate Staff of Johnson & Johnson. I very much appreciate the opportunity to appear before you today and to comment on S.1731, the Youth Employment Service Act of 1987.

Johnson & Johnson has long been committed to helping our nationwide effort to provide support and assistance to disadvantaged youth as they struggle to gain a foothold in the job market. One of our senior executives, Jonn Heldrich, currently chairs New Jersey's State Job Training Coordinating Council, and I serve as Chairman of the Greater Raritan Private Industry Council representing the New Jersey counties of Middlesex, Somerset, and Hunterdon.

We at Johnson & Johnson would like to join those who have preceded us in appearing before this Committee in expressing our concern over the plight of severely disadvantaged young people. In human terms the loss of self-esteem and dignity suffered by these youths is intolerable in a country with our values and traditions. In economic terms it represents a tragic waste of talent at a time when the growth of the labor market is slowing and the demands of business and industry for skilled and willing workers is rising yearly. The evidence also suggests that the problem will not go away with the passage of time alone. A wiser and more substantial commitment on the part of our society is required if we are to reverse the youth unemployment trends of the past few decades.

Unfortunately, other than the Job Corps, our work with the most severely disadvantaged has not produced the results we have been seeking.

It is for this reason that the initiatives of S.1731 are particularly timely and valuable. We need to demonstrate in a convincing fashion that we have the knowledge and capacity to provide those services and opportunities to disadvantaged young people that will, in a cost effective manner, help them move into a lifetime of employment.

Evaluations of prior efforts suggest that the tools to do the job are available but that we have much to learn about how to use them. The demonstrations developed under this legislation can play an important role in helping to define the mix and intensity of services required and the delivery systems best suited to achieve our goals at a cost that is within the nation's ability to bear.

If it can be responsibly demonstrated that we do know how to make a positive contribution to the employability of severely disadvantaged young people it will enable us to garner the support of the Congress and the American people needed to launch a major attack on youth unemployment. Such support will be more forthcoming if our demonstration also indicates that positive results can be achieved at reasonable costs.

I heartily endorse, therefore, the two goals cited in the legislation:

1. Demonstration of the feasibility and cost effectiveness of providing intensive training services and employment opportunities to severely disadvantaged young people; and
2. Demonstration of the ability and capacity of the business community to be a significant partner with public agencies in providing services to disadvantaged youth.

THE DEMONSTRATION PROGRAM CONCEPT

I would like, Mr. Chairman, to make several observations about how this legislation might structure the demonstration models in order to achieve the desired purposes.

First, may I present some thoughts in regard to demonstration of the feasibility of providing intensive training services and employment opportunities.

The testimony you heard last year from Mr. James Hyman of the Manpower Demonstration Research Corporation (MDRC) dealt with ongoing efforts to determine the effectiveness of various approaches to helping disadvantaged young people become job ready. It is important that programs funded under S.1731 be required to contribute in some fashion to the developing body of knowledge that MDRC and others are cataloging. For example, can we make judgments concerning the value of basic education in preparing youth for work as compared with providing training in job skills? Can we make judgments regarding the level of reading and writing competence required to hold a job that these young people will need to escape their life of desperation and poverty? Can we then show that severely disadvantaged young people can indeed learn these basic skills?

And what about job skill training? Is that best taught in anticipation of a job or after the job is secured? And can we learn more about what employer services such as post employment counseling and orientation are vital to the long term success of a placement? Let us make sure that the demonstrations conducted under this legislation yield results which will help move us toward our goal of a more competent and effective system of helping disadvantaged young people gain regular employment.

If the purpose of this legislation is to identify the strategies which are most effective in bringing disadvantaged youth into the mainstream of our work force, the resources should be targeted on the basis of the requirements of our demonstration criteria. Funds should be allotted to sponsors where competence exists to design and administer viable programs. The current language in the bill appears to neglect such criteria in favor of a more random selection of program sites based on geographic, demographic and political factors.

S.1731 also is aimed at demonstration of the ability and capacity of the business community to be a significant partner with public agencies in providing services to disadvantaged youth. Legislation calling for participation of "partnerships" involving private companies or associations needs to be very clear about what roles the private organizations are expected to play. Roles which are not clearly defined are difficult to evaluate and their demonstration value is marginal. The Committee may wish to review the capacities in which private organizations have served and highlight those which should receive priority in the demonstration efforts. Clearly a most important private responsibility is to provide jobs for which disadvantaged youth are to be prepared. Another is to serve in an advisory capacity on skills and work attitudes that are relevant to the available jobs. Variations of this role would include aiding in appraising the performance of various educational and manpower agencies which are providing services to needy youth. Functions of this nature are frequently performed by private sector representatives serving on Private Industry Councils (PICS).

In New Jersey the State has recently developed an employment policy which hopes to coordinate all programs that have employment and training activities. It's ultimate goal is to have local PICS serve as local planning boards for all Human Resources programs. As a chair of the local PIC I believe this will enhance our ability to provide more support and coordination of activities to the unemployed. I recommend that this legislation maintain the PIC as the centerpiece for planning employment training in the community. I would hope that the outcome of the proposed demonstrations would show ways to expand and enhance the public/private partnership that already exists.

Many employers accept financial responsibility for certain programs by contributing substantial sums of money as well as equipment and loaned personnel. S.1731 appears to be aiming at this type of partnership with the private sector as it requires private matching in cash or in kind as part of its funding mechanism.

The most sophisticated private sector role in preparing youth for employment is that of a prime program operator functioning under contract with full responsibility for program results. Some Job Corps centers are operated under such arrangements.

The Subcommittee might wish to specify that demonstration models be selected to provide additional insights as to the private roles which offer the most promise of efficient and effective program operation.

This leads me to my final point on strengthening the demonstration value of this legislation. It is of vital importance as S.1731 points out that our program efforts be disciplined to operate on a cost effective basis. There has been a tendency over the years to assume that programs to help severely disadvantaged youth succeed or fail only because of their conceptual design, the mix and richness of services permitted or mandated by the authorizing legislation.

These considerations are indeed important and I have tried in my testimony before this Committee to call attention to some of the conceptual factors which should be evaluated and demonstrated in S.1731. There is an additional factor, however, which is possibly of equal importance and that is the competence with which the program is operated. This frequently overlooked factor is arguably the cause of more disappointing results in programs to aid the disadvantaged than flaws in design or, as is sometimes postulated, the hopelessness of the goal. It is important, therefore, for evaluations to distinguish between failures in program design and failures in program management.

There is also a learning curve associated with program operation. One cannot assume that the costs or outcome of the first year's operation will necessarily reflect subsequent performance. Program evaluation needs to distinguish between early or "start up" disappointments and the potential capacity of the operation to obtain substantially improved results. Indeed, the Committee may wish to give consideration to extending the evaluation period beyond the 18 months currently in the bill.

BUDGET CONSIDERATIONS

The cost of any new initiative today needs to be integrated into our nation's overall commitment to budget restraint. This does not mean that there should be no new initiatives. As you know, Johnson & Johnson and most business organizations have endorsed the Administration's displaced worker legislation which would require over one-half billion dollars of new funds.

It does mean that a program requiring new funds needs to be more than a worthy effort. It needs to be one generally viewed as taking precedence over other worthy demands for public resources.

I believe that the goals of S.1731 are important enough to warrant funding a new demonstration program which may lead to a better understanding of how to help severely disadvantaged youth overcome their employment handicaps. I am concerned, however, that as S.1731 is currently structured there will be an understandable temptation to use program resources without concern over the demonstration value of the project.

Although I consider the bill's authorization level of $400 million over three years as too high, I am not in a position to make a responsible estimate as to what an appropriate level would be for this legislation.

The plight of our severely disadvantaged youth is too acute for both humanitarian and economic reasons for it to continue ignored and unattended. I commend Senator Metzenbaum, the other sponsors of the bill and the members of the Committee for their attention to this legislation.

I urge this Committee to make this legislation a key ingredient in our long term struggle to eliminate the category of "severely disadvantaged" from America's work force.

Thank you Mr. Chairman.

Senator **Mikulski**. Ms. Stoneman, we are anxious to hear your testimony, and we know that yours has been an Action Program that provides adult organizers to help East Harlem young people create these community projects, and that you have really been out there in the trenches. So we would like to hear your views on this legislation.

Ms. **Stoneman**. Thank you, Senator Mikulski and Senator Metzenbaum. I am deeply honored and profoundly grateful that you have taken the initiative on this legislation.

A year ago, we thought that we would have to do that. Excuse me, because I am emotional about this. A year ago, we thought we would have to mount a national effort. We were thinking of creating a coalition for $100 million to ask the Senate and the Congress to begin moving in this direction, and I am very grateful that you have done it without our having to expend the resources to organize the country.

As you know, we did organize in New York City a coalition for $20 million, which succeeded in persuading the New York City government to allocate, now it has been about $45 million for youth employment programs, targeted at at-risk youth, and these have been successful on many levels. I have submitted some testimony to that effect.

I would like to start from a slightly different angle on this which is, instead of viewing the young people as a threat or as a danger to the society, I would like to chart a different course and view them as a great resource.

The fact of the matter is that they do not want to light a match to their communities; they want to rebuild their communities, and they will respond to any opportunity where they can be part of the partnership that improves their own life, their families' life, and their future in their community. They have been left out. They have not been treated with the kind of respect. They have not been engaged in programs that have the resources to enable them to fulfill their potential. They are, despite the fact of being severely disadvantaged, by and large extremely intelligent, and they have many ideas about what ought to be done and would like to participate in it.

That brings me to one of my comments about the proposed legislation, which by and large I think is wonderful. Well, first, I will tell you the things that I think are very important about it.

One is the partnership aspect. Another is the equal emphasis on academic and employment training. Another is the long-term commitment. Eighteen months of follow-up is a very unusual design element, and it is very necessary, and we appreciate it. Another is the very openness of the design so that you are allowing local groups who have learned something to submit what they have learned to you for expansion and funding and demonstration.

The focus on young people most in need, of course. The explicit recognition of the plight of young black and Latin men; I think Marian Edelman and their research on the diminishing earning power of young men has been vivid, and we have seen it in reality that the choices before the young men appear to be drugs, drug dealing, jail, military, or working at McDonald's, so the choices are not sufficient to engage any intelligent young people.

The required 25 percent inclusion of community-based organizations and the 50 percent emphasis on big city populations, we agree with. The inclusion of in-kind contributions for the private sector is very important, and the expectation that at the conclusion of the demonstration, the Secretary will make recommendations for further legislation.

Coming back to what is perhaps my most important suggestion, although the hardest to implement for the proposed legislation, there is no mention in it of anything about leadership development as a part of the services provided. Our experience is that that is a critical factor in program design; it is equal in importance to counseling, meals, transportation, child care services and referrals for medical and legal services which are mentioned in the bill.

The primary reason it is so important is that it counteracts all the past negative experiences of the young people. They key element of their lifelong invalidation has been the attitude that they are not intelligent, they are not as valuable, they are not as worthwhile as other members of the population. They have internalized the prejudice that black and Latin and Native American people or poor people or working class people or less well-educated people are not as important or intelligent. And the most dramatic reversal of that attitude is necessary for our programs to be successful.

When the young people walk into a program, they need to feel that it is different from the schools they are in; it is different from the other institutions they have participated in. And the best way to express that difference is with profound and thorough-going respect that gives them decisionmaking responsibilities, leadership roles, involvement in public speaking, access to information on all subjects including the governance of the program itself.

In our program, I do not hire anyone without the agreement of our young people's personnel committee, nor do I fire anybody, nor do I set program goals or budgets without submitting them to the review of young people who would in these terms be considered highly disadvantaged, but in my experience are very sharp and very eager.

Programs that do that have been shown to be particularly effective in engaging the young people's best energies and inspiring their loyalty to the goals of the program, which is what you need to accomplish.

Therefore I would ask that the legislation include some reference to leadership development, and although the partnerships may not know what that is at the outset, they will at least be stimulated to think about it and ask about it.

Two other points. One, I am pleased to hear that you have taken steps about the funding structure, because it was confusing and also not sufficiently stable. And I recommend and I hear that you are thinking of this, that you make it an 80 percent Federal funding for the whole three years, with the 20 percent private match with potential for increments for success and potential for follow-up funding, maybe for a transitional year while programs that have been successful gain funding from their local, public, or other private sources.

The second point—the distinction between initial and extended successful placements, I think, misses the mark slightly. Our experience is that young people who can last six months in a job placement can last a year. So initial successful placement is more likely to be one to three months. This program affects your evaluation.

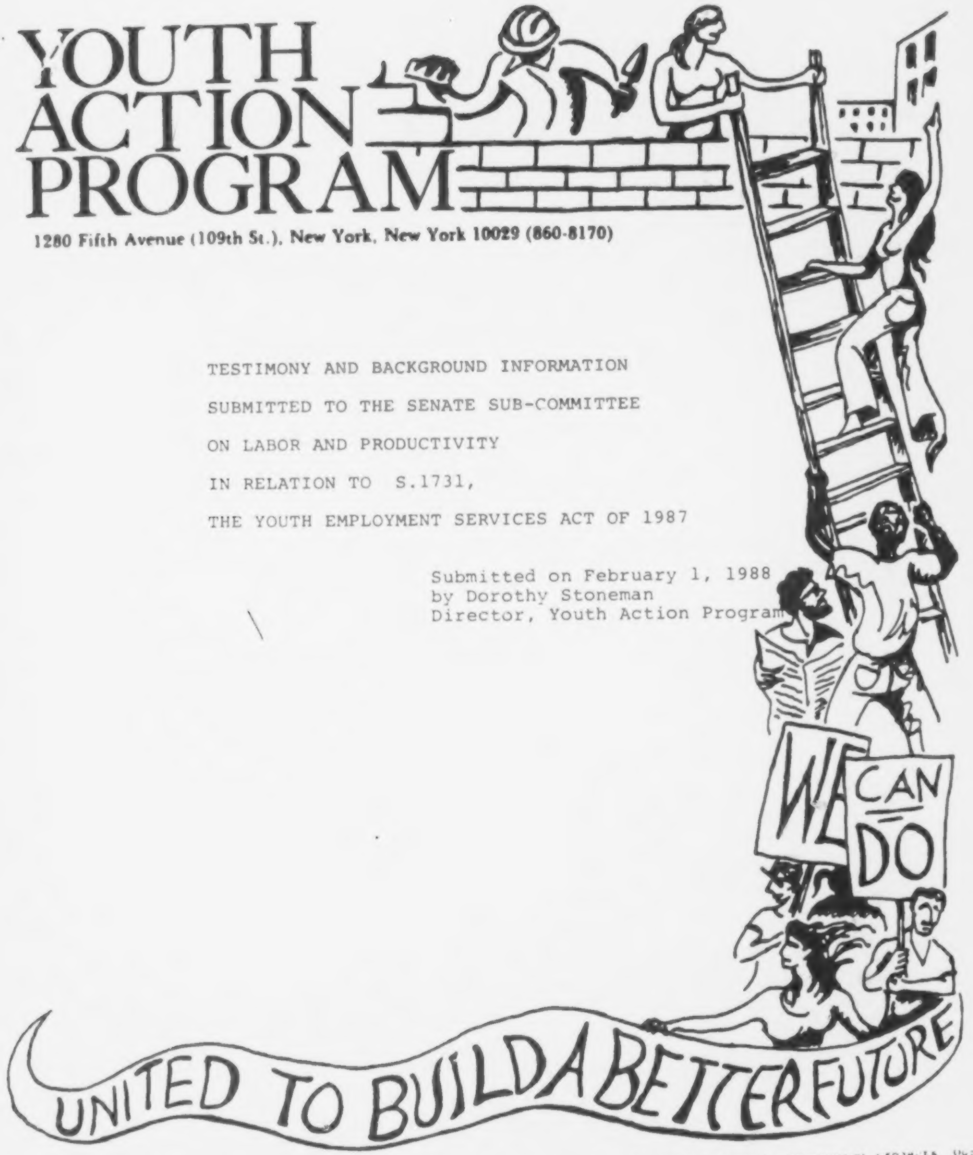
One other point is that the definition of "severely disadvantaged" I think is too narrow. You have excluded young people who in the previous nine months have participated in any education or employment program or who have been employed for as much as four weeks. I do not think you should rule out the young people who have been searching for something and not finding it and who might find it here.

Thank you very much.

Senator MIKULSKI. Thank you, Ms. Stoneman. Again, your testimony in its entirety will be included in the record.

[The prepared statement of Ms. Stoneman, with an attachment, follows:]

YOUTH
ACTION
PROGRAM
1280 Fifth Avenue (109th St.), New York, New York 10029 (860-8170)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DO
UNITED TO BUILD A BETTER FUTURE

TESTIMONY AND BACKGROUND INFORMATION
SUBMITTED TO THE SENATE SUB-COMMITTEE
ON LABOR AND PRODUCTIVITY
IN RELATION TO S.1731,
THE YOUTH EMPLOYMENT SERVICES ACT OF 1987

Submitted on February 1, 1988
by Dorothy Stoneman
Director, Youth Action Program

The Youth Action Program provides adult organizers to help East Harlem young people create community improvement projects. Our projects include the Youth Action Construction Training Program, the Young People's East Harlem Resource Center, the Youth Action Special Community Forces, the East Harlem Youth Congress, the East Harlem Student Government and Pregnancy Prevention Project, three "I Have A Dream" classes, and the Coalition for Twenty Million Dollars. The Youth Action Program is a division of the East Harlem Block Nursery, Inc.

TESTIMONY ON THE YOUTH EMPLOYMENT SERVICES ACT of 1987

Submitted by
Dorothy Stoneman
Director
Youth Action Program
1280 Fifth Avenue
N.Y., N.Y. 10029
(212) 860-8170

Ladies and Gentleman of the Senate, I am honored to have this opportunity to testify on the important legislation you have introduced for youth employment.

I think the need for the YES Act has been well documented, and I will not repeat either statistics or individual stories illustrating the enormous need and the important but currently frustrated aspirations of young people in our poorest communities.

Rather, I am here to assure you not only that this bill is needed, but also that it can be effective, because there are many of us running programs who know what works. We have reached out to young people on the streets. We have tested approaches on a small scale. We have listened to the recommendations of the young people themselves, and have developed programs in response to what they have told us. Then we have tried out those programs and embellished them until both we and the young people were excited that we were hitting the mark.

I am the founder and director of the Youth Action Program in East Harlem, and the chairperson of the Coalition for Twenty Million Dollars. At Youth Action Program we have pioneered a program of Youth Employment in Housing Rehabilitation for the Homeless that trains at-risk youth in construction and basic literacy, while building permanent housing for the homeless. (See 1st attachment for description)

The Coalition for Twenty Million dollars is made up of 120 agencies who were so inspired by our model of youth employment in housing rehabilitation for the homeless that they organized to persuade the New York City government to replicate it City-wide and to fund an additional array of other model youth employment programs for at-risk youth. As a result, New York City now spends 14.75 million dollars a year on programs devoted to at-risk youth who read between 4th and 8th grade level and have dropped out of school. (See 2nd attachment for description and lessons learned.)

At the end of my testimony I will speak more on the essential ingredients of programs that work. First I'd like to comment on the YES Act.

I appreciate and applaud your strong initiative to fund demonstration youth employment programs which serve the most at-risk young people and which forge partnerships between government, community based agencies, and the private sector.

I particularly appreciate the following specific aspects of the bill:

-the openness of the program design, enabling local groups to be creative and to express their own convictions and experience regarding what elements are of paramount importance.

-the equal emphasis on academic and employment skills, both as design factors and in measuring success.

-the focus on young people most in need.

-explicit recognition of the plight of young Black and Latin men.

-required 25% inclusion of community based organizations and 50% emphasis on big city populations.

-the inclusion of in-kind contributions for the private sector contribution.

-the allowance of 18 month follow-up services.

-the expectation that at the conclusion of this demonstration the Secretary will make recommendations for further legislation.

My concerns about the bill are as follows:

#1. POTENTIAL DECREASE OF FEDERAL FUNDS IN YEARS TWO AND THREE.

First, and most important is the fact that the Federal share could actually drop to between 5% and 15% of the total in the 2nd and 3rd years if the Partnership is not extraordinarily successful in years 1 and 2. This is a potentially very damaging element of the design.

It usually takes two years to get a new program running smoothly. We assume that 25-50% of our first year staff may have to be replaced before the second year in order to get the quality of staff we need; and then, of course, we have to start over with training.

The two elements which are most critical for success with at-risk youth are the program design and the quality of the staff. There is a shortage of staff who can do the job. Unless you are extremely lucky, staff and program design do not fall into place in the first year, and may not really do so until the third year.

While pressure in the form of some funding loss, or, better, some funding bonus for good performance can be useful, the extent and timing of the loss in this bill is excessive. For many program operators it could be reason not to participate.

It must be remembered that CBO's operate under enormous pressure already: on the front lines, understaffed, underfunded, with staff by definition either underpaid or underqualified, facing severe life crises almost daily among the young people served. We are working against the full weight of poverty, the cumulative effects of racism, and the immediate impact of drug infestation in our communities; results can be thrilling, but they are not easily won. Nobody works normal hours.

If you design a program which requires the local group to raise substantial amounts of private match, and then you add the threat of losing significant amounts of the Federal portion of the funding for failing to obtain enough placements in the first and second years, you discourage people from mounting the effort, and you distract those who do from the essence of the job by making them obsessed with money issues.

The obsession with funding can further undermine the program in that the young people watch the motivations of the adults very closely. They look for proof that somebody cares about THEM, not about money. They need this proof to counteract their general impression that nobody cares about anything EXCEPT money. When every placement is linked to money for the agency, the young people pick it up and it triggers their tendency to feel "used."

Further, the incentive payments that could bring the federal share to a total of 80% funding appear by my calculations to imply a 100% success rate for job placements or highschool equivalency diplomas. To link funding to an expected success rate approaching 100% is unrealistic and therefore punitive. It would lead to "creaming" of the worst sort. Your funding design must take into account that programs working with the most at-risk youth will not have 100% success in the form of a placement or highschool diploma. If it were that easy, JTPA contractors would not have shunned this population. 50% success is a more realistic level, and is the target set by the New York City Department of Employment for its demonstration programs with at-risk youth.

I recommend that the Federal government pay a total of 80% of the costs, with the private match set at 20%, and with the ratios remaining stable throughout the three years. Then, if a program has performed well, it should be eligible for a 4th year transitional funding while it obtains local public or private funding to replace the Federal demonstration funding. (Of course, the Secretary should reserve the right during the initial three years to terminate funding for any Partnership which is failing grossly.)

From my experience, expecting more than 20% private match, on a grant of this size, could be prohibitive. The private sector simply isn't subsidizing employment and training efforts on that magnitude. Up to now we have not seen substantial support from private industry.

#2: DISTINCTION BETWEEN INITIAL AND EXTENDED SUCCESFUL PLACEMENTS:

The bill makes a distinction between "initial successful placements", which last six months, and "extended successful placements", which last 1 year. This distinction is not consistent with program experience in New York. In general, if a young person can last six months in a job, he or she can last a year. The length of "initial successful placement" is more like one to three months.

A program graduate's ability to sustain a placement depends on four factors: the initial selection process for the participants, the quality of the program, the length of the program, the quality of the placement itself, and the extent of follow-up support. The selection process influences the nature of the program, as well as the outcomes expected. This relationship may be worth describing briefly here.

If a program is to work with the most at-risk young people, two different approaches can be counterposed:

-In one approach you screen intensively at the outset, in order to get the young people most likely to succeed, most ripe for a new effort, most ready to meet you half-way after becoming exhausted by street life, and least vulnerable to drugs. There are such young people who are still severely at risk. Perhaps a third to a half of the young people who have dropped out of school and read between the 4th and 8th grade levels fit this description. They will make good use of what is offered.

In this approach, you can set high standards, terminate people for infractions, refer people with drug problems to a residential program (if you can find one) and set a tone that is both demanding and full of opportunity for those that succeed.

If this is the mode, then placements are likely to be lasting, because the graduates of the program will be well prepared.

Even so, these young people are seriously at risk, and would not generally succeed without the program, because at the outset they have no access route, they have little or no hope, and they have lousy academic or employment skills. They simply start with a reasonably good attitude and without an addiction to drugs.

-In the other approach, you screen little, and accept large numbers of young people who are in great and complicated and sometimes overwhelming need, many of whom turn out to be hooked on drugs.

In this approach, you cannot set standards anywhere near regular employment standards, because you would have to terminate the great majority of your trainees. You have to work slowly, patiently; you have to go to people's homes to get them up in the morning, you have to battle with drugs, tear out your hair about the best way to help each individual person, get to know parents and group home administrators, spend time on the street with the young people to get closer to them, and sometimes let them sleep in your home when the homelessness becomes acute.

In this mode, sustained placements are difficult to achieve. "Real jobs" are different from the program, and it takes a long time to prepare someone. Still, we have judged that it is worth the trouble to engage even with the more difficult young people, because they take away with them a good experience of people caring which stands out as an exception to their general experience, and one day they draw on it as a source of inspiration or strength. Nothing good given to young people is ever wasted. But sometimes it plays itself out in invisible and longterm ways, not immediately measurable for earning incentive payments from a funding source.

I am reminded of a young man in the Youth Action Program who joined us at age 16, in 1979. He had already spent ten years in institutional settings, incarcerated by his mother who couldn't handle him. He had been permanently expelled from the New York City Public School System after having punched a principal in the face. He happened to join our construction crew. In the first three months our project organizer intervened on the playground to prevent him from hitting a policeman with a baseball bat. We worked with him. He was extremely bright, and got attacted to the leadership opportunities built into our program. He joined our youth council, began to organize sports events for others, began to represent the program publicly. He got close to members of the adult staff. Twice he left the program in favor of the street, and twice we put out the word on the street that he would be welcome back. He returned. He became a resident in our transitional housing for homeless young people when he was eighteen.

But then he stole an organizational check and forged it to meet a gambling debt. We expelled him, but said he could return if he went to professional counseling and worked off his debt to us. He didn't return then. Instead, he wound up in jail. He wrote to me from jail, reminding me of all the valuable things I had told him earlier on which he hadn't been able to take seriously at the time. One day he proudly sent me his highschool diploma, which he had earned in jail. When he came out of jail, we helped him get situated, with a short-term job on the construction site. Since 1986 he has been steadily employed in construction, doing very well, available to participate in public speaking opportunities to tell other young people how to avoid taking the long route, as he did.

#3: THE DEFINITION OF SEVERELY DISADVANTAGED:

The bill excludes from the definition of "severely disadvantaged" those young people who have participated in an educational or training program within the previous nine months, or who have worked for as much as 4 weeks in the previous nine months. I think this is unwise, and unfair, and will penalize at-risk youth who have made any positive steps in the recent past. This type of penalty is always noted by the young people in the community. "Why," they will say, "do I have to lead a completely negative life for nine months in order to earn a chance to get my life together? Doesn't anybody care that I've been trying?"

I think I understand the motivation behind the stipulation: to prevent opportunistic and parasitic program-hopping by young people who are already equipped to get an unsubsidized job. However, it overlooks the fact that many marginal young people are engaged in a search for something that will work, something positive. They are not finding it. As a result, they move from place to place; or they fail here and they fail there, but they keep trying; or they find something good that ends too soon, before they are able to go on alone. The young people who are searching should not be excluded.

The wages or stipends are so low in government-funded programs, and the opportunity for advancement so meager, that just as soon as a young person is actually ready to be employed in the private sector, he or she is eager to do so.

I have seen no evidence that opportunistic program-hopping is a real phenomonon in the 1980's.

Limiting the program to people who have dropped out of school and read at a lower than 8th grade level will sufficiently target the most at-risk.

#4: IMPORTANCE OF INCLUDING LEADERSHIP DEVELOPMENT:

There is no mention in the bill of program elements related to leadership development. This is a serious omission, understandable given the general view of the at-risk youth population. However, we have found that a critical factor in program design, equal in importance to "counseling, meals, transportation, child care services, and referrals for medical and legal services" are opportunities to exercise and develop leadership skills.

The primary reason this is so important is that it counteracts all the past negative experiences of the young people. The key element of their life-long invalidation has been the attitude that they are not intelligent. They have internalized the prejedice that black and Latin and native American people, poor people, working class people, younger people, and less well educated people are not as intelligent as the rest of the people.

The most dramatic reversal of this past invalidation is in order. Programs which respect the intelligence of the young people by giving them decision-making responsibilities, leadership roles, access to information on all subjects including the governance of the program itself, public speaking opportunities, and all variations on this theme, have been shown to be particularly effective in engaging the young people's best energies and inspiring their loyalty to the goals of the program.

In truth, many of the at-risk youth are extremely bright. They lack skills, self-discipline, and self-confidence, but not sheer intelligence. The challenge for the society is to engage this intelligence, to motivate the young people to play a real role in society. They have observed much that they disapprove of; they need a chance to have an effect.

Therefore, although Partnerships will make their own design, it would be helpful if the Federal legislation included reference to leadership development so that it invites Partnerships to think about this critical factor in their planning.

GENERAL ELEMENTS OF SUCCESSFUL PROGRAM DESIGNS

Perhaps a few words on general issues of program design will be useful.

In general, to design good programs, analytical professionals need to observe what has hurt and is hurting the young people, and then chart a course which immediately reverses that mistreatment. The course must be diametrically opposed to past hurts. The past hurts can be quickly summarized as follows:

Our young people have lived in relative poverty and powerlessness in an affluent society which values wealth and power, and which has given them little respect, little opportunity, little of importance to do, and has not cared enough to protect them from the temptations of drugs, from the physical decay of their environment, from the breakdown of their families and the overwork of their parents, and even from homelessness and hunger.

The young people bear the scars of racism, and other -isms. In a million ways, from birth, they have been given the destructive message that they are less important, less valuable, and less intelligent than other human beings. Their parents have believed this of themselves, as well, and passed it on.

To succeed to the maximum extent, a program must dramatically reverse this past experience. It should bear no resemblance to the institutions and attitudes that have so far disappointed and hurt our young people.

It must, therefore, include the following positive elements, in direct opposition to past mistreatment:

-profound and operational respect for their intelligence;
-power for them over their immediate environment;
-protection from disaster;
-meaningful and important work, respected by the community;
-real, patient caring for their development;
-actual teaching of skills;
-consistently positive values;
-family-like support, closeness, and appreciation from peers and adults;
-understanding of the proud and unique history of their people;
-heightened awareness of the present-day world and their important place in it;
-a path to future opportunity;
-real concern and action from the agency about changing the conditions that have affected them and the people they love.

RECOMMENDATIONS REGARDING THE NEXT STEP AFTER THE S. 1731 YES ACT:

In New York those of us who have implemented the program of youth employment in housing rehabilitation for the homeless are so enthusiastic about its ability to engage the young people, especially the young men, and our excellent results regarding job placement in construction jobs paying $7 to $12 dollars an hour, that we are eager to see this program made available to other parts of the country.

This program requires substantial funding for the brick and mortar costs of the housing rehabilitation, in addition to the funding for the youth training and services.

While it can be done under S. 1731, we would like to see a "sister" legislation that would specifically authorize and encourage groups to take on the program of youth employment in housing rehabilitation for the homeless.

It solves simultaneously the problems of the young people, of the homeless people, and of the physical deterioration and housing shortages in our inner city communities. It is extremely cost effective, and has the capacity to inspire each community in which it is undertaken. I would be pleased to answer questions or engage with the committee regarding what this additional legislation might look like.

Thank you again for the opportunity to submit my testimony, and thank you for taking the excellent initiative that you have taken with S. 1731. If passed, it will support the efforts of hundreds of adults who have dedicated themselves to providing better opportunities for teenagers in our communities; and it will make the difference for thousands of young people.

BRIEF DESCRIPTION OF YOUTH ACTION CONSTRUCTION TRAINING PROGRAM

INTRODUCTION:

Over the past several years the Youth Action Program has pioneered a program of youth employment and training in housing rehabilitation for the homeless.

Our inner City neighborhoods possess both the problems and the resources that make such a program a perfect response to our situation. We have idle and unemployed young people; we have abandoned government-owned buildings; we have a severe shortage of affordable housing; and we have an ever-increasing number of homeless people.

It is a logical and appealing solution to put the young people to work rebuilding the housing to provide housing for the homeless and other low income people.

This approach has been proven workable at Youth Action Program. In the rehabilitation of three tenement buildings, low-income unemployed youth have been trained to do all the construction work other than the plumbing, electrical, heating, and a few other items requiring licensed tradespeople. The young people attend intensive academic remediation classes while serving on the construction crew.

The program has simultaneously provided jobs, housing, and education to our community, along with a tremendous unleashing of hope and pride. There is nothing more wonderful for both adults and youth in our neighborhood than seeing the young adults gainfully employed in the rebuilding of our deteriorating housing stock.

GENERAL DESCRIPTION OF THE PROGRAM:

Due to the Youth Action Program's success in pioneering and advocating for this program, there is now a City-funded Program on this model called the Housing Related Enhanced Work Experience Program. Below is a description of how this works, which applies to Youth Action Program as well as the six other programs which have been funded by the City.

Local community based organizations are selected by the New York City Department of Employment through a competitive process to rehabilitate abandoned City-owned housing. The CBO acts as the general contractor, sub-contracting as needed with licensed tradespeople and maintaining a core supervisory staff to train and supervise the young people in demolition, rough carpentry, masonry, sheetrocking, painting, and finishing work. The ratio of supervisors to trainees is about 1 to 6.

The trainees are selected from the ranks of unemployed low-income 16 to 24 year olds. In New York City the eligibility requirements have included that the young people be highschool dropouts whose reading level is between 4th and 8th grade. This has been a requirement because the New York City Board of Education mounted an intensive remediation program to accompany the job training aspect.

In addition, many trainees have been recruited from the foster care system, many have been on welfare or on parole, and many are teen parents. All participants have been low-income.

For the young people, the program consists of seven distinct components:

1) Worksite training on a closely supervised construction site with high standards of teamwork and productivity;

2) Cognitive skills development to attain basic literacy or a highschool equivalency diploma;

3) Support services necessary to meet critical life needs that might otherwise interfere with achievements #1 and #2 above, such as in health, housing, drug abuse, child care, family, and legal emergencies;

4) Classroom training in construction terminology and concepts;

5) Individual and peer counseling to reflect on life goals, use of money, personal relationships, and values;

6) Leadership opportunities to develop decision-making, speaking, and negotiating skills;

7) Preparation for job-seeking, and placement in unsubsidized jobs beyond this program.

Each construction site is expected to train 60 young people, over an 18 month period, and rehabilitate 8 to 20 units of housing. At any given time only 40 youth are assigned to the site, and half of these are on site while the other half attend classes. Roughly half the young people are placed in unsubsidized jobs after six months on the site. The other half stay on for a year, based either on their greater need, or on their greater interest in construction.

When the construction is complete, the building is sold by the City to the community based organization (CBO) for a nominal price. The CBO is then responsible for maintaining the building for low income housing permanently. The CBO may also run a shelter or transitional housing for homeless people in the completed building. The CBO will provide social services to the tenants to the extent that funding and other resources are available locally.

COSTS OF THE PROGRAM:

This program in New York City has been cost effective for both the training of the young people and the construction of the housing.

Construction costs have averaged $55,000 to $60,000 per unit of housing, or $55 to $65 per square foot. This compares with a commonly projected development cost of $65,000 per unit for low income housing.

Training costs for each young person, including wages and support services, have cost New York City an average of $10,000 per trainee per year. This includes an intensive remediation program attended half time by the participants. This cost compares favorably with an annual cost per youth of $19,0000 for the California Conservation Corps (which includes a residential component), and 17,500 for the New York City Volunteer Corps.

This program has generated extraordinary public support in New York City. Because it is such a logical response to the three-pronged crisis of homelessness, youth unemployment, and inadequate housing, it has enormous appeal. It was originally proposed by young people who have a great yearning to rebuild their decaying communities.

MORE DETAILED DESCRIPTION OF IMPLEMENTATION AT THE YOUTH ACTION PROGRAM:

Recruitment and Selection:

We find there is no problem recruiting young people, especially young men, for this program. Several days of advertising in the Daily News bring six times more young people than we can accept. The opportunity to learn real skills that can lead to well-paying job, coupled with the chance to do something so important and visible as rebuilding housing, has enormous appeal.

Once recruited, the young people must bring in several items of documentation to satisfy age and income eligibility requirements. They must take a simple reading and math test to ensure that they score between 4th and 8th grade levels. Then they are interviewed by a small committee of staff and young people. The most serious applicants are selected.

A waiting list is also selected, so that the program can implement a hard-line approach at the beginning of the program, replacing people who do not attend regularly.

Of course, attention is paid to making sure staff are welcoming, supportive, and respectful throughout the recruitment and selection process. The recruit's first contact is with a former trainee who is now the receptionist.

Orientation:

All selected applicants are given a full group orientation, in which the benefits, the challenges, the ups and downs, and the philosophy of the program are presented. Small group discussions are held, trying to establish in the orientation the same tone of caring and respect that typifies the program throughout. Former trainees play a role in presenting, so the young people can see the leadership development aspect of the program right from the start.

After the orientation, the new recruits are asked to decide if they want to join us for a trial period, in which they determine if the program is what they want, and we see if they can carry their weight in the classroom and on the site.

Trial Period:

The trial period is two weeks of volunteer participation. We supply lunch and carfare, but otherwise there is no remuneration. The standard is set high: anyone who misses a day without excuse is replaced, as is anyone who comes in late more than once and anyone who shows a bad attitude. Our experience is that people who cannot sustain full attendance for the first two weeks when they are full of enthusiasm and eager to prove themselves, will not be able to complete the program. Very often people who can't organize themselves for two weeks will turn out to be addicted to drugs, and unable to make good use of our resources. Thus we have firmly decided not to make our personal and programmatic commitment to an individual until we have had a trial period with him or her.

There are, of course, many problems that reveal themselves after the first two weeks. But we have a better chance of making a difference if we know the youg person is serious at the outset.

Wages and stipends:

At the outset, trainees are paid minimum wage for work and $30/week for carfare and lunch during the school week. Salary increments are given for good performance every three months, up to $4.00/hour.

After a month or two on the site, discontent about the low wages becomes an issue. Much explanation regarding the source of the funds is required; but more importantly, the program must be succeeding at building an esprit de corps, commitment to each other, to the project, to the academic program, and to learning the skills if this first crisis is to be weathered.

Academic Program:

Although we make no promises that people will attain their highschool equivalency diplomas, since many are starting at 4th or 5th grade levels, the motivation to work for this diploma is high, and we do our best to prepare people to get it. Trainees spend alternate weeks in a full-time school program, with skilled teachers in a ratio of 1 teacher per 10 students, and with access to computer curricula as well. Individual tutors are available in the evenings for people who want extra help.

Support Services:

Counseling, job development, job placement, academic classes leading to the GED, classes in construction skills and concepts, cultural activities, and driver education leading to driver's licenses are offered at YAP. Referral to other agencies is made for therapy, drug rehabilitation, medical services, legal services, and residential programs.

Leadership Develpoment

We put a big emphasis on leadership development. Because we believe that our community and the world is in dire need of ethical, experienced, committed leaders at every level, and because we know our young people are seeking a deeper meaning in life, we challenge them to become spokespeople, decision-makers, organizers, and leaders through many channels.

First, the Construction Training Program has an advisory committee of young people who meet weekly with the Project Director and work out details of program, new policies, and solutions to immediate problems.

Second, the Construction Crew has four to six representatives to the Policy Committee - the governing body of YAP - which is responsible for hiring, firing, setting policies, reviewing budgets, and representing YAP in many public situations.

Third, we have regular weekend leadership training retreats, for the construction crew by itself, and for its leaders joined with leaders from YAP's other projects.

Fourth, we have many opportunities for public speaking, cultural exchanges, and travel which we make available to young people who have begun to show themselves talented and interested.

Fifth, we organize various coalitions and youth caucuses designed to have an impact on public policy through the recommendations made by young people. The Coalition for Twenty Million Dollars is one such effort. Through the Coalition hundreds of young people testified at City Hall and held a vigil there in support of City funding for the program of youth employment in housing rehabilitation for the homeless. They made a decisive difference in the campaign leading to the City's allocation of 6 million dollars ayear for such programs.

Job Placement:

We find that there are more than enough entry level opportunities for young people in the non-union part of the construction field for us to place successful trainees in jobs paying $6.00 to $10.00 an hour. We originally wrote to several hundred construction companies to find two dozen who would regularly place our graduates.

Continuing Opportunities for Graduates

Trainees who are homeless are eligible to live in the new housing when it is completed.

Graduates can continue to participate on the Policy Committee and in our other leadership development activities.

A follow-up counselor maintains contact and offers on-going support to graduates.

Current trainees are organizing a small construction company so they can go into business together.

Another group of trainees is organizing a homesteading project so they can build housing for themselves to live in together at the completion of the program.

FINAL COMMENTS:

Because it satisfies the deep yearning of young people to play an important and productive role, it is very effective at bringing alienated teenageers back onto a constructive path of community and self development. Because it builds homes for people in desperate need, reclaims crumbling housing, builds pride within the young people, and strengthens the capacity of local community based organizations to meet the needs of their people, this program strikes a resounding chord of hope and joy in all the neighborhoods touched by it. We hope to play a continuing role in bringing this program to other neighborhoods and cities around the country.

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For further information, contact:

Dorothy Stoneman, Director, Youth Action Program	212-860-8170
Sonia Bu Laurencuent, Project Director	212-289-4900
David Calvert, Construction Director	212-534-5311

Youth Action Program
1280 Fifth Avenue
New York, N.Y. 10029

(212) 860-8170

SOME LESSONS LEARNED FROM THE LARGEST YOUTH EMPLOYMENT PROGRAM IN THE NATION: THE CITYWORKS PROGRAM OF NEW YORK CITY, RUN BY THE NEW YORK CITY DEPARTMENT OF EMPLOYMENT SINCE 1984

Dorothy Stoneman
Chairperson
Coalition for Twenty Million Dollars

A talk prepared for the Spring Hill Conference of the Manpower Demonstration Research Corporation, October 1987.

In 1985, at the urging of many community groups gathered together by the Coalition for Twenty million Dollars, New York City established the most ambitious municipally funded experiment in youth employment in the nation. It was designed to serve the most at-risk youth, who were not eligible for J.T.P.A. programs because they read below the 8th grade level.

An array of six model programs was funded by the City Council. The programs are run by local community based organizations, selected through a competitive RFP process, and managed overall by the New York City Department of Employment. Called City-works, the program is now funded at the level of 14.75 million dollars a year, entirely City tax-levy funds.

All six model programs serve young people between 16 and 24 who have dropped out of school and who read betweeen 4th and 8th grade levels.

Of the six, four are work-site trailing programs, and these are the ones I'll discuss. All of them include an academic component which is a full 50% of the time, usually occuring in a pattern of a week-on-site alternating wih a week-in-school. The academic component is in most cases handled by a centralized school program set up especially for Cityworks, in cooperation with the Board of Education. This central program is called YALA - the Young Adult Learning Academy.

Each model also includes ample provision for counseling and job development. Trainees start with $1.00/hr for classroom attendance, and $3.35/hr. for time at the worksite. A 50% placement rate is required by the Deparment of Employment.

The differences between the 4 models lie primarily in the nature of the worksite itself, as follows:

1) first, and most dear to my heart because it was pioneered and proven workable at Youth Action Program, overcoming much initial government resistance, is youth employment in housing rehabilitation for the homeless. In this design the young people do a full gut rehabilitation of city-owned abandoned buildings. They learn demolition, roofing, rough carpentry, framing, sheetrocking, taping, and painting. Plumbing, heating, and electrical work are done by private licensed contractors. When finished, the building is turned over to the local CBO and used to provide permanent housing to homeless people.

2) The second model is worksite training in various municipal agencies. Participants work in entry level positions in the New York City Departments of Sanitation, Parks, Education, General Services, and others.

3) The third model is employment in community service projects designed and implemented by local CBO's. The work ranges from rebuilding a community center to cleaning graffiti from subway walls.

4) Fourth, is placement in small businesses of many types.

In each case, coordination, counseling, and job placement is handled by the local CBO; in most cases literacy is handled by the Young Adult Learning Academy.

Except for the housing model, the length of the programs is 9 months. In the housing model it's 6 to 15 months, depending on the individual's need.

There are 1500 youth in these worksite training models.

The formal evaluation of this program is not out yet, so my remarks on lessons learned are based on reflections of the DOE administrators, coupled with my own observations over the four years of the program.

1) The first and most dramatic lesson for me is that it was possible for a determined grassroots coalition to persuade the City government to take on a program it had not previously had any interest in doing. This was truly gratifying. Over one hundred agencies lobbied, with dozens of young people testifying passionately in public hearings to win over the City council.

2) Thoroughgoing cooperation between a variety of City agencies and with local CBO's is possible. The aura surrounding these complex programs has been consistently positive, cooperative, and mutually respectful. I believe this is due to the flexible and competent staff at the helm in the Department of Employment - Fredda Peritz, Tom McEnery, Sandra Hardison and other staff have done a truly wonderful job and should be recognized for it. Contributing to the cooperative style has been the consistent applause from the community groups who originally designed and advocated for these programs. Finally, the funding of these programs by virtual consensus of the City Council created a general pride of ownership within the political establishment.

3) Recruitment for most of the programs was more successful when supplemented by a central recruitment hotline that was well advertised. Two full-time staff people at the DOE take calls from young people for referrals.

However, recruitment for housing rehabilitation has needed no assistance. The appeal of construction training is great. 3 to 5 days of advertising in the Daily News brought 6 times more applicants to several sites than could be absorbed.

4) A central academic program, to which young people had to travel some distance, was found workable. The conclusion of the DOE, after having some sites handle their own academic program and others fold into the central program, is that both centralized and de-centralized programs can work equally well. They don't see any clear indicators that one is better than the other. Both require excellent teachers, counselors, and management.

The apparent success of the Young Adult Learning Academy is probably rooted in the fact that the Board of Education suspended the usual licensing and hiring procedures, selected an excellent administrator from outside the school system - Peter Kleinbard, who had been Executive Director of National Resources for Youth - turned over part of an old school building to Peter, and let him develop the Young Adult Learning Academy geared especially to the Cityworks students.

This degree of flexibility is most likely necessary for success.

It was also necessary for the DOE to be flexible enough to make adjustments resolving contradictions between the employment emphasis and the academic emphasis. Given that the participants were selected for their low reading levels, and a comprehensive academic program had been set up, it was decided at the request of the teachers to extend the length of the program to nine months so students could have more classroom time, even though some trainees were actually ready for job placement after the less expensive six months program.

Another tension between the school and work aspects was caused by the fact that students were paid only $35/week for their school time compared to $117/week for work time. CBO's found various ways of handling this, but the differences in incentives did create a constant challenge regarding how to keep school attendance equal to work attendance.

5) The greater the specificity of skill, the more attractive and effective was the program. The Learning Academy has begun to offer vocational skills training in addition to literacy - that is, clerical skills, building trades, food service, video crafts etc. have been added to the academic program. On the worksite, similarly, the construction training programs have greater appeal because they teach specific skills. Just trying to develop good work habits, without teaching real and saleable skills is useful, but does not satisfy the young people.

6) The quality of the counseling is critical in all programs. DOE found themselves requiring CBO's in many cases to upgrade their counseling staff. Average counseling salaries went up from $12,000 to $19,000 in the first 3 years.

7) Attendance incentives make a big difference. Wage increases up to $4.00/hour were built in every three to four months for students whose record was good. One program even paid trainees fifty cents an hour more for each week their attendance was 100% and then dropped it back to the lower wage in those weeks when their attendance lagged. This very direct feedback worked well. (This degree of flexibility, however, was beyond the reach of the City payroll department and had to be done with private funds.)

8) The City Municipal agencies who cooperated by accepting trainees in entry level jobs did not wind up permanently hiring more than about 10% of the trainees. This was a disappointment, caused by low hiring rates and great competition for the positions.

9) Placements in the construction industry are available, even

though entry into the union is not. There are a sufficient number of non-union companies to absorb many graduates of the housing program at $7 or $8 or $10 an hour.

10) DOE administration feels all the models are working - all are creating opportunities for young people that didn't exist, are leading to job placements, are enabling students to make 2 years of academic gains, are providing real services to communities and are bringing young people back from the streets into the world of work.

Interesting and exciting to me, is that although the housing model is the one most resisted by government at the outset, and most fervently embraced by the communities, it is the only model which both the City Council and the Mayor have chosen to expand in the last two years. Now that it has been proven workable, its appeal is irresistable in a City struggling with homelessness and deteriorating buildings.

11) Completion is important. The trainees want to stick with a project and see it done, get credit for it, and put their names on it. Again, building housing fits the bill dramatically.

The above lessons come from the over-all Cityworks program. Moving to the local level, to what we have learned at the Youth Action program, I want to underline certain things.

First of all, there is no underestimating the impact of training young people in doing the work that is of greatest value in the community. If they can be the productive heroes of the community rather than the "at-risk" youth being kept off the streets, then we've reversed the oppressive situation that keeps them depressed.

In New York, the teenagers themselves called for jobs re-building the abandoned buildings, because people need housing, because deteriorating buildings are depressing, and because drug dealing was going on in those buildings. So rebuilding their own communities became a rallying cry. It's valuable enough to be worthy of young men who have always wanted to do something important, but haven't been able to figure out what.

Now, our young people are calling for a new kind of employment program - they want to take care of the homeless babies in New York City, because THAT'S important.

They do not think it's so important to clean things and fix things - things that will get dirty and broken again soon afterwards. But building permanent structures and caring for human babies who will otherwise be permanently damaged, these things appeal to the heart and soul of the young people who have not found much worth doing in their streets and schools up to now.

The other things we've always known and have found again, is that what matters is how much do the adults actually care about each young person. Do they seem to be just doing a job for the money, or do they give more, so the young people know they truly care. Do they work overtime, give out their home phone numbers, show their feelings, track someone down who's strayed back onto the street, spend real close time with the young people?

Another factor is how much does the program really respect the young people. Are they involved in decision-making? Are their suggestions implemented and do their criticisms lead to corrective action? Are they welcomed into a collaborative community, or are they treated like clients? Are they members of the program or are they service receivers? Are they given leadership training so that they may move into ever increasing responsibility when they leave? These things matter.

Another factor is how much does the program build a supportive peer group among the young people. We find there is nothing like leadership development retreats to bring people close and establish positive norms of behavior. People dare to reveal their dreams and their idealism only when there's real support and closeness. Special efforts need to be made to set this up. After one five day leadership retreat we had at Youth Action Program, the group initiated a homesteading project and a construction company, because their level of trust for each other went so high.

We take the general approach that to succeed we have to reverse the experiences that the young people have had up to now. As Black and Latin young people who have been raised poor, they have been invalidated consistently by their families, schools, and society at large. They have, in particular, had their intelligence invalidated over and over again. They have internalized, as have their parents, the negative messages about people of color and teenagers and poor people.

Our first job is to reverse dramatically the past invalidations, giving the young people such respect and caring that they are amazed. If we are consistent their amazement yields to trust and self-respect and motivation. Then, if we are able to provide good teaching and good training and good counseling, and real job opportunities, the young people will make the best of everything we have to offer and transform their lives, because someone has cared enough to provide the resources and offer them a hand.

DAILY NEWS

35¢ NEW YORK'S PICTURE NEWSPAPER®
Wednesday, January 21, 1987

Flats for the homeless

By JOHN SHEILS

DENEENE KELLY puts a coat of paint on hallway in rehabilitated building at 248 E. 199th St.

ANTHONY CASALE/DAILY NEWS

A city-owned building in East Harlem that was rehabilitated by 45 unemployed local youths has been completed and is now housing 13 homeless families.

Leases for the apartments in the building, at 248 E. 119th St., were recently given to the families, many of which had been sleeping in various shelters around the city.

The work was done by members of the Youth Action Program, at 1280 Fifth Ave., who started the renovation two years ago with donations from private foundations and tnen went to the city to seek additional funds.

The building, which was gutted by fire several years ago, took two years to renovate at a cost of $1 million. It was the first program of its kind to use city and State funds to build housing for the homeless.

Two aid sources

The city Department of Employment, under its City Works program, provided the administration and training money; and the state Department of Social Service's Homeless Housing Assistance program provided the bricks and mortar.

Manuel Bustelo, the commissioner of the Department of Employment, said the young men who worked on the building were between the ages of 18 and 24, and had relatively low reading levels.

Bustelo said Mayor Koch and other city officials recognized the value of the effort and put $4.7 million into the City Works program for it.

He said that after the program was seen to run so well, the city increased its budget to $12.7 million in June 1985.

Fredda Peritz, the deputy commissioner for Special Programs at the Department of Employment, said the youths who work on the project must attend class every other week to learn basic skills and get another shot at an education.

Jobs goal set

Peritz said one of the goals of the Youth Action Program is to place more than 60% of the youths in jobs in the construction industry. So far, 11 have been placed.

"Here we have stories about kids coming in on public assistance and leaving to get apprenticeships in construction at a starting wage of $7 an hour," Peritz said.

One of those stories is Ausencio Fernandez, 20, who was homeless and sleeping in Central Park before he got into the Youth Action Program. Fernandez slept in the building while the renovation was in progress and now has been given an apartment there.

"I hope to continue in school and get a job in computers," he said.

Another worker, Leslie McFarland, said, "It's good because it keeps teen-agers out of trouble. There are much worse things we could do on the streets. They should do much more projects like this because it stops the kids from doing drugs."

Families split up

Peritz said another problem with homelessness is that it splits up many families, including Jesus and Isabelle Diaz, who are new tenants at the East Harlem building.

The two, who have a young son, Christopher, had been forced to live apart because of their housing situation.

"We were desperately seeking housing so that we could re-unite as a family," Jesus said. "Having this apartment will mean we can finally be together."

Senator MIKULSKI. Senator Metzenbaum, would you like to pursue some questions?

Senator METZENBAUM. Briefly. I want to say how gratifying it is to me to have someone such as Marian Wright Edelman, who has been in the forefront of this issue for so many years and has made such a mark on our country, here, testifying in support of the bill; and for Mr. Wenzler to be with us and to indicate his support for the general concepts. I understand you suggest some modifications or changes. That is no problem, and I am very happy to work with you on it.

And I am grateful to you, Ms. Stoneman, for being with us today and indicating your strong concern, your commitment, and obviously your very able leadership. It is so great that I said to myself as you were speaking that I would like to stop in and see actually what you are doing in Harlem, because I gather that you have an excellent program working. I hope the results are as good as the leadership.

Ms. STONEMAN. Thank you. They are.

Senator METZENBAUM. Let me ask you a few questions.

Ms. Edelman, many young people targeted by the YES Act are parefts themselves. A number of proposals are pending to encourage stable families, welfare reform, day care, enforcing child support obligations. What impact could the YES Act have on increasing the stability of families?

Ms. EDELMAN. Well, I think it would obviously have a significant impact, and that is why I want to thank you for your leadership. While we are trying to get young people and mothers off the welfare roles, we have to spend a great deal of attention—as this Act attempts to do—to keep them off the welfare roles in the first place by beginning to give them a solid basic skills foundation and to give them the quality of training and self-confidence and leadership development that will enable them to get the jobs, that will enable them to form families.

One of the greatest problems, as I have indicated earlier, is the declining economic base for families, which is being steadily eroded by a lack of jobs and inadequate preparation for jobs that are available.

The second thing I do want to emphasize is the need to work more effectively with a range of out-of-school youth and involve all elements of the community in that education process. And one of the ways in which we hope this fine bill can be strengthened is to permit money to be spent for things like community learning centers, so that we can stimulate and encourage the range of tutoring and other educational efforts on the part of churches and informal community groups that can go out into these communities and cast a broad net.

But we think that this bill is an essential foundation for young people learning to read and write and get the skills they need to get into the job market and to form families. Without it, we are going to see the backward trends in family formation rates, which hurt us all.

Senator METZENBAUM. How do you explain the fact that entry-level jobs are going begging, but earnings for young men, particularly young black men, have declined so dramatically in the past decade?

Ms. **Edelman**. First, in many communities, jobs are not going begging. I want to be clear about that. We have found that people are eager to work and want to work. We cannot forget that there are entire regions of our country in the South, in the Midwest, that still have high unemployment rates.

Secondly, where jobs may go unfilled in some communities, the problem is that disadvantaged youth are not prepared for the jobs that are available, which is why your basic skills emphasis and job preparation and training approach is very important. Again, they often do not have the support services that will allow them to reach those jobs—whether transportation or child care or other things that are needed. And again, it is good that you are beginning to address that in this bill.

Finally, I think the portion of the earnings losses that have been suffered by young men who are working, but for far lower wages than they were at the beginning of the 1980s, I think has discouraged them. I think we have got to get back to the concept of giving a wage base that can provide an adequate incentive for them to support a family and to have a sense that they can move upwards. People need hope. They need hope that there is a job out there, but also that the job, if they do a good job at it, can get better. And I think that a number of these factors contribute to that perception of young people not wanting to work. I think they do.

Senator **Metzenbaum**. Thank you.

Mr. Wenzler, first of all, let me thank you for being a leader in the business community, for a very prominent corporation, Johnson & Johnson, indicating your concern and willingness to work with us. Frankly, that is very meaningful. And I want to say to all of these panelists and to the entire business community and any other segment of the community, we do not think that this legislation was writ in the heavens and handed down to us and that it is perfect. We are prepared to modify and amend and improve, and we extend an invitation to the business community, I would say particularly, and to all others who would have an interest, to come in and work with us. We want their support, and therefore your appearing before this panel is very meaningful to us, and we are very grateful.

The YES Act requires the private sector, particularly the business community, to be full partners in local programs to help the targeted population. Federal matching funds are available for a broad range of private sector contributions, including job commitments and volunteers to serve as mentors to these young people.

In your opinion, will the private sector respond to this challenge to help these young people?

Mr. **Wenzler**. I do not have any doubt in my mind at all that they will. I think they are responding now. And of course, I only have the experience of one Private Industry Council. I have chaired it since the beginning of the Job Training Partnership Act.

We have had great support within the business community. In the Hunterdon, Somerset and Middlesex County area of New Jersey, they represent really three different kinds of populations. Hunterdon County is very rural. Somerset is kind of a mix between rural and suburban, and Middlesex is very urban. So we have quite a cross-section of people to serve, which has made it challenging.

But we have not had any problem recruiting key business men and women to join us on the Council. We have replaced people from time to time as they were promoted or transferred by their corporations.

In addition, in our Private Industry Council we have had major financial contributions from corporations throughout the three counties that enabled us to, among other things, run our own summer jobs program, which is not funded by the Job Training Partnership Act. These are private sector jobs. We think they are very meaningful, because they are not "make work" jobs; it is work that gives some kind of a sense of reward.

Senator METZENBAUM. Would you care to comment on the cost to business which results from the widening gap between the skills required for entry-level jobs and the skills possessed by young people today in many instances?

Mr. WENZLER. Well, I cannot, I do not think, comment on the cost; I could not give you any kind of a number. There is no question the cost is very large and getting larger. I would have said a few years ago that a company like ours, which provides good benefits—not mandated by Congress, I might add—and good compensation could attract any number of employees that we needed.

I do not think that is true anymore, and as you point out, the jobs are becoming more technical. They are requiring greater skills, and things seem to be going the wrong way. So I think the cost is absolutely tremendous. I got in the mail this week a copy of the Chamber of Commerce's magazine, Nation's Business, and the caption is, "Desperately Seeking Workers". I think that is really where we are in the private sector.

Senator METZENBAUM. Ms. Stoneman, your program is an example of the innovative thinking that the YES Act is intended to promote. It teaches unskilled youngsters a valuable trade they can use for life, and while they learn, they are helping alleviate the crying need for homes for the homeless.

Could you run your program serving the same population under the current Job Training Partnership Act, and how would the program be different?

Ms. STONEMAN. I don't believe I could. When the JTPA RFP came across my desk, we looked at it and said there is no point in even applying; it is not going to meet the needs. And our reading of it then was that it was too short—it was roughly three months—that there were no wages available, and you cannot engage many of the young people if they cannot be paid for their work; and the eighth grade reading level requirement excluded most of our young people.

Senator METZENBAUM. In a nutshell, could you tell us the thrust of your program and the modus operandi?

Ms. STONEMAN. Well, we employ and train young people in the rehabilitation of abandoned, city-owned buildings to create housing for the homeless. There are 5,000 such abandoned city-owned buildings in New York, and there are 150,000 high school dropouts. We have barely made a start. We have done three buildings. Other programs modelled on ours now have done nine, with the support of the city.

The young people spend alternating weeks—a week on the site doing the construction, being trained, and a week in an intensive academic program, full-time in that program, alternate weeks.

It extends from six months to 18 months. For some people, six months is enough; for others, staying on makes sense. Our most recent cycle of young people have decided to stay on and build a construction company so that they can go into business for themselves with the skills that they have learned and with some pro bono legal assistance that we have been able to get for them.

As I said before, it is governed by the young people, but they have very skilled professionals training them in both the academic and the vocational side.

We spend a fair amount of time doing things like travelling, taking weekend retreats, bringing them close to each other as a peer group because, especially for the young men, they have rarely lately trusted any other young men, and when they begin to share what they really want in life, it creates a great deal of freedom for them to move.

Just one more point. I think one of the issues about entry-level jobs going begging is the question of what is the work. Because we are doing construction, because through rebuilding housing, the young people become the productive heroes of the community instead of the idle threats in the community, they flow in in large numbers. And we have no trouble recruiting people even though they are working at the minimum wage.

Senator **Metzenbaum**. You mentioned something about this program costing the city $145 million. Did I hear you right?

Ms. **Stoneman**. No. The figure is that the city has spent over a four-year period $45 million on its own array of model programs called City Works, through which it funds 23 different community-based organizations to mount programs for at-risk youth. It is not dissimilar to what you are initiating here.

And in response to your previous question to Mayor Schmoke about can't the Mayors do it, I would say in New York, we have done a lot, more than I am aware of any other city doing, but it still only reaches 2 percent of the unemployed high school dropout population.

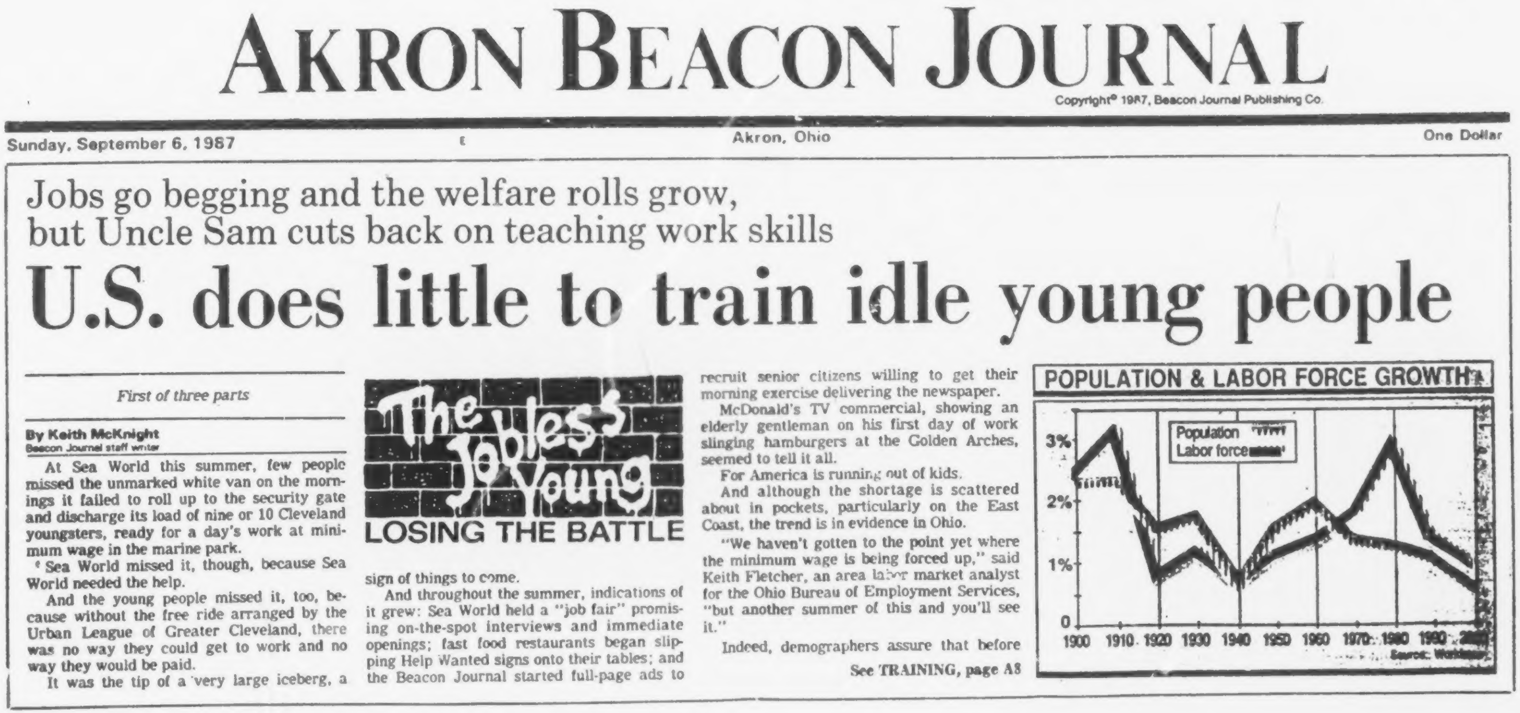
Our program costs approximately a million dollars a year if you include all the brick and mortar to rebuild 13 units of housing and all the services and education for the young people to participate for a year. If you separate out just the young people's wages and services, it is about $10,000 a year per young person.

Senator **Metzenbaum**. Just one more question, Madam Chairman.

In a series of articles published in the Akron Beacon Journal, entitled "The Jobless Young: Losing the Battle", which I would like placed in the record, and I ask unanimous consent to do so——

Senator **Mikulski**. Certainly, without objection.

[The articles referred to follow:]



AKRON BEACON JOURNAL

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Sunday, September 6, 1987 Akron, Ohio One Dollar

Jobs go begging and the welfare rolls grow, but Uncle Sam cuts back on teaching work skills

U.S. does little to train idle young people

First of three parts

By Keith McKnight
Beacon Journal staff writer

At Sea World this summer, few people missed the unmarked white van on the mornings it failed to roll up to the security gate and discharge its load of nine or 10 Cleveland youngsters, ready for a day's work at minimum wage in the marine park.

Sea World missed it, though, because Sea World needed the help.

And the young people missed it, too, because without the free ride arranged by the Urban League of Greater Cleveland, there was no way they could get to work and no way they would be paid.

It was the tip of a very large iceberg, a sign of things to come.

The Jobless Young

LOSING THE BATTLE

And throughout the summer, indications of it grew: Sea World held a "job fair" promising on-the-spot interviews and immediate openings; fast food restaurants began slipping Help Wanted signs onto their tables; and the Beacon Journal started full-page ads to recruit senior citizens willing to get their morning exercise delivering the newspaper.

McDonald's TV commercial, showing an elderly gentleman on his first day of work slinging hamburgers at the Golden Arches, seemed to tell it all.

For America is running out of kids.

And although the shortage is scattered about in pockets, particularly on the East Coast, the trend is in evidence in Ohio.

"We haven't gotten to the point yet where the minimum wage is being forced up," said Keith Fletcher, an area labor market analyst for the Ohio Bureau of Employment Services, "but another summer of this and you'll see it."

Indeed, demographers assure that before

See TRAINING, page A8

POPULATION & LABOR FORCE GROWTH

AB J

Continued from page A1

the next decade is done, industry will be competing with the military in a scramble for youth.

Yet there is a paradox here: For as that trend grows, so do the numbers of young people destined for life in the ranks of the hard-core unemployed, with all its costly companions of crime, poverty and drugs.

And meantime, it appears, America is doing nothing to stop it.

At this point the federal government's only major effort aimed at salvaging so-called disadvantaged youth — the Job Training Partnership Act — has all the earmarks of a flop.

For even though JTPA programs nationwide legitimately boast of numerous success stories, they pale when compared to the ever-growing army of youth eligible for help who aren't getting it and likely never will.

Leaving it up to youth

Roger Semerad, the assistant secretary of labor in charge of the national program, bristles at the notion that the federal government needs to do more than it's doing to reach the disadvantaged.

"We live in a competitive society — a society in which some person works harder and he gets the reward of a job or a diploma or whatever, and some choose not to," he said. " . . . we want to make sure the availability (of help) is there for the dropout — and it is under the law — but we have to go with those people who seek our help . . . and in an era of declining resources, we're going to go with the folks that want it bad enough to work for it."

But what happens to the rest?

"What happens to them anyway?" Semerad asked. "We're a nation of workers. If people don't want to work, there isn't a whole heck of a lot you can do about it."

In October 1983, when JTPA became the federal government's new answer to the problem, it eliminated the old answer — the Comprehensive Employment and Training Act (CETA).

In doing so, it also eliminated two thirds of the money dedicated to fighting the problem.

"It's gone roughly from $10 billion to $3 billion," said Lawrence C. Brown Jr., president of 70001 Training & Employment Institute, a non-profit Washington corporation noted for its success in dealing with youth unemployment through 60 programs in 23 states.

"The statistic to focus on," Brown said, "is that under this act only 6 percent of the eligible population could be served if every dollar was spent.'

Funds sit unused

And in Ohio, not every dollar *is* being spent.

In fact, early this year a number of Ohio's 30 Private Industry Councils (created under JTPA) were warned they would lose $32.5 million of the $116 million allocated to Ohio if they couldn't find eligible youngsters to spend it on by July.

Since then, according to a state official who oversees the program, furious efforts have been made to avoid such an embarrassing give-back but how much of that money still will be unspent apparently won't be made known until sometime this month.

Whatever the outcome, it's clearly a small part of a national gesture.

"Even if we reached 6 percent of the eligible population," Brown said, "it probably is a colossal flop because there are so many people out there that we need in the labor market. . . . The entire Job Training Partnership Act is a very, very small program in face of the scope of the problem."

The scope of the problem is this:

- In the remaining 13 years before the turn of the century, according to a Hudson Institute study released this June, both the population and the work force of America will grow more slowly than it has since the Great Depression.
- In that time, as the children of the post-World War II baby boom pass through middle age, and those in the subsequent baby bust go looking for jobs, the average age of the work force will climb from 36 today to 39.
- And because of the reduced numbers of youngsters today between the ages of 7 and 16, the report says by the turn of the century there will be only 34 million Americans between the ages of 20 and 29, down from 41 million in 1980, representing a drop in population share from 18 to 13 percent.
- However, within that time, it says, 29 percent of the new entrants into the labor force will be non-whites — twice their current share, although their lot in life may not be significantly improved by the trend.

Or as the report, *Workforce 2000*, puts it: "Although this large share of a more slowly growing work force might be expected to improve the opportunities for these workers, the concentration of blacks in declining central cities and slowly growing occupations makes this sanguine outlook doubtful."

'Social dynamite'

National experts who have made a career out of dealing with the problem have an even more doubtful and less sanguine outlook:

Last February, Elton Jolly, chief executive officer of Opportunities Industrialization Centers of America, with affiliates in 36 states, warned a Senate subcommittee chaired by Ohio's Howard Metzenbaum that "the 'social dynamite' caused by idle, unemployed, out-of-school youth . . . is growing and becoming more potent."

The black dropout rate, he said, is 40 percent higher than that of whites, and for Hispanics the rate is 250 percent higher.

"We have been looking for an instant solution to these problems for 25 years," Jolly said. "These youth frustrate our schools and employment and training agencies. They are a part of what has become a permanent underclass in our society, which pretends to be classless.

"All of our efforts have failed to reduce the number and percentage of unemployed minority youth."

William H. Kolberg, president of the National Alliance of Business, which conducted its own study of America's employment policies, offered a laundry list of items to the committee which he said "tell a story of impending crisis and profound economic and social cost."

On that list, in part, were the following:

- High school dropouts, now about a million a year, are expected to increase despite a declining youth population. In some cities, the rate is 50 percent.
- One of every four ninth-graders will not graduate. One of every eight 17-year-olds is functionally illiterate. For minorities and the poor, rates are significantly higher. In Japan, virtually every high school student graduates, and illiteracy has been reduced to the vanishing point.

ABJ
p A-8.
Sept. 6, 1987

- Youth under 21 account for more than half of all arrests for serious crimes.
- From 1960 to 1980, arrests of youngsters under 18 for drug abuse increased 6,000 percent. Arrests for drunkenness among high school seniors rose 300 percent.
- There are almost 2.3 million unwed mothers in the U.S. Half have high school diplomas, less than 40 percent have jobs, and over half end up on welfare, costing the U.S. more than $16 billion a year.
- The number of children in poverty is increasing, up 16.8 percent in 1975 to 21 percent in 1985. For blacks and Hispanics, the rates are 46 percent and 39 percent respectively.
- Only 43 percent of black young people who come from poor homes ever graduate; for whites, it is 53 percent.

"Unless the private sector takes an interest in the quality of tomorrow's workers, both in and out of school," Kolberg said, "businesses will be faced with increased costs such as greater remediation expenses, lower productivity, higher supervisory time, and poorer product quality.

Involvement urged

"Becoming involved is no longer a social option," he said, "it is an economic necessity."

Semerad, the assistant labor secretary in charge of the JTPA program, has a similar view, but it seems to cast the federal government in a role as more of a catalyst in a partnership than as a provider in a leadership position.

"We're trying to wake up the business community to put a lot of the conversation on an economic need basis rather than a social responsibility," he said.

Indeed *Workforce 2000,* to which Semerad wrote the foreword, places the lion's share of the burden for solutions in the laps of educators and the wallets of the private sector.

"If there are real breakthroughs in training and hiring young disadvantaged workers between now and the year 2000, 'second chance' educational systems developed at the work site are likely to play a key role," the report said.

Furthermore, it notes: "Unless the $127 billion public educational system can somehow be better harnessed to serve minority youth, the $4 billion Job Training Partnership Act system can only make a small dent in the problem."

Meanwhile, Suzanne Schroeder of the California Employment Development Department said there's no real youth shortage in her state because California has a history of attracting young people.

But come to think of it, she said, there were "a number of places" around California this year where summer jobs were tough to fill.

In Orange County, where unemployment was way down to around 3 percent, "they've gotten to the point it's hard for them to fill the minimum-wage-type jobs," but that's because young people are taking jobs that pay more, she said.

Problem nationwide

California's unemployment rate in July was 6 percent — up a half percent from the month before, which was a 17-year low. Yet state officials estimated the number of disadvantaged youth to be 601,268. And of that number, only 46,226 were in the full-time JTPA program. In other words, 92.4 percent of disadvantaged youth in California are not being reached by JTPA's full-time program.

In Boston, Howard O'Hara, a manager in the employment office of New England Telephone, said this year, for the first time, "we've really had to do some aggressive advertising" in order to get beginning workers for operator and clerk jobs.

"We've been fortunate in the past," he said. "all we had to do was whisper that we were hiring and we'd get enough people walking in the door.

"It's scary what the wage is . . . I saw one the other day: $6.10 an hour for McDonald's or Burger King, I forget which . . . It's not your after-school type wages, but that's what you're competing against in the market place."

Out on Old Cape Cod, where the tourist trade was booming as usual, the youth labor shortage was so much a fact of life there this summer that several businesses — recognizing transportation costs as a barrier for entry level workers — began busing in help daily from other parts of the state.

The unemployment rate in Massachusetts — also the lowest in 17 years — hit 2.6 percent in July. That means that for the second month, less than 100,000 persons in the entire state were considered unemployed. Yet at the same time the state estimated its number of disadvantaged youth at 112,441. And of that number, only 7,000 were enrolled in the full-time JTPA program. That's 6.2 percent.

In New Jersey, John Samerjan, the governor's press secretary, says his state has undertaken "a total overhaul of our state welfare system . . . to provide intensive job training to welfare clients."

And through another program, in a direct attempt to save its own youth for its own work force, Samerjan says the state has persuaded industry to stand behind a guarantee that any urban high school student will be assured a job "if they get their high school diploma, and get the proper training."

It's the fourth year of a youth labor shortage in New Jersey, where this summer a Domino's Pizza shop in a little town near Atlantic City offered anyone with a car $8 to $12 an hour to deliver pizza.

New Jersey's unemployment rate was 4.5 percent in July. It has 127,469 disadvantaged youth, but of that number JTPA has only 10,692 or 8.3 percent in the full-time program.

"For over 20 years," Jolly told the committee, "I have been coming here to the Congress, working with the administration . . . and I find that even after 20 years, with all of the legislation and all of the regulations and all of the authorizations and so forth, we still have an inappropriate social arrangement that does not allow us to do the kinds of things that we know need to be done so that these youngsters can be helped."

●

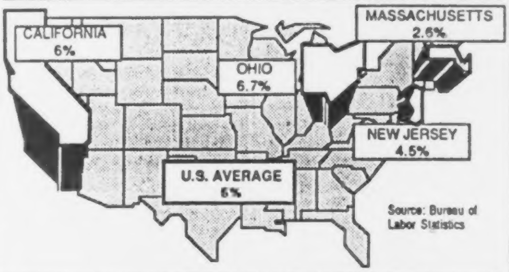
Footnote: For the young people of Cleveland, waiting for a ride to Sea World, summer is over. School starts Wednesday, and in what was to be their last full week of work, somebody else needed the white van.

On Monday: For a young Akron mother, federal job training was a dead end.

ABJ
p. A-8

Sept. 6, 1987

UNEMPLOYMENT RATES FOR THE MONTH OF JULY



Source: Bureau of Labor Statistics

BLACKS AND HISPANICS ARE MUCH LESS SUCCESSFUL IN THE LABOR MARKET (1986 figures)

	WHITE	BLACK	HISPANIC
Labor force participation	65.5%	63.3%	65.4%
Unemployment rate	6%	14.5%	10.6%
Median family weekly income	$566	$391	$412
Percent below poverty	11%	31.1%	27.3%
Percent of children under 18 below poverty	15.3%	42.7%	37.1%
Median years of schooling	12.8	12.6	12.2

Sources: Bureau of Labor Statistics; Bureau of the Census

NON-WHITES, A GROWING SHARE OF WORKFORCE

	1970	1985	2000
	(numbers in millions)		
Working age population (more than 16 yrs. old)	137.1	184.1	213.7
Non-white share	10.9%	13.6%	15.7%
Labor force	82.8	115.5	140.4
Non-white share	11.1%	13.1%	15.5%
Labor force increase (over previous period)	n/a	32.7%	25%
Non-white share	n/a	18.4%	29%

Sources: Bureau of Labor Statistics; Handbook of Labor Statistics, 1985; Hudson Institute

ABJ p. 1-6

Sept. 6, 1987

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Monday, September 7, 1987

The Jobless Young

LOSING THE BATTLE

Job isn't always a solution

Some can't afford to work

Second of three parts

By Keith McKnight
Beacon Journal staff writer

Behold: Joan Mitchell, a success story.

Last year, at 19, she was graduated from Akron's Buchtel High School, five months after giving birth to a son out of wedlock.

This year, at 20, after going on to complete a federal job training program and finding work, she is back home, unemployed, locked into the welfare system.

In the book of statistics that measures the worth of the federal government's Job Training Partnership Act, she is listed as a success because she found a job.

Never mind that it lasted only two weeks.

"A lot of people just think you're too lazy to go out and get a job. It's nothing at all like that — nothing at all," she insisted. "A lot of people who say that . . . their parents are taking care of them and they really don't have too much to worry about. Everything that I get comes from the ADC and it's hard. It's really hard."

Under Aid to Families of Dependent Children, Ms. Mitchell gets $253 a month, $108 in food stamps and a card that will pick up medical expenses for her and her son.

But if she takes a job, she runs the risk of losing all that.

So, when the only work she could find after completing the job training program turned out to be in the fast food business — paying minimum wage with no medical benefits — she met the old welfare myth head on: She

See SOME, page A6

Joan Mitchell, with son Antjouan, says she can't afford to work for minimum wage

Cont. 9-7-87

Some can't afford to work for low pay

Continued from page A1

quit, saying she couldn't afford to work.

Ms. Mitchell is typical of a host of young people caught in the teeth of a tough, performance-oriented, national policy with a sink-or-swim mentality that appears to pay far more attention to the quantity than the quality of its success.

For regardless of her predicament, the program contractor that placed her in the job was paid for being successful — money that would not have been paid if she didn't get the job.

And that, in turn, helped Ohio get rid of a little more of the $32.5 million in leftover federal funds that had piled up in Columbus by this year because various Private Industry Councils around the state couldn't spend the federal dollars as fast as they rolled in.

"To me," said assistant U.S. Labor Secretary Roger Semerad, who is in charge of the JTPA program nationally, "there is no excuse for that kind of backlog."

But on second thought, he later repeatedly pointed out, "Ohio has been a very effective state in JTPA, and Ohio has shown a lot of leadership in a lot of innovative ways."

Locally and statewide, however, statistics that might shed light on the extent of the program's success or failure vary between the obscure and the nonexistent.

But a few points seem clear:

- There is an increasing number of part-time, minimum-wage jobs in Northeastern Ohio, at least, that are not being filled.
- There is a growing awareness in the business community that a youth shortage is fast becoming an economic fact of life to be reckoned with statewide and nationwide.
- Despite that, there is an uncounted but apparently significant contingent of unemployed, disadvantaged youngsters who, whether dropouts or high school graduates, are not skilled enough or educated enough to be hired in beginning level jobs.
- And worse still, there is a pitifully small supply of eligible young people responding to the various job training opportunities funded under the JTPA program in Ohio.

Recruiting problem

Robert Taylor, head of the Akron/Summit/Medina PIC, said both the full-time and part-time summer jobs programs have had trouble drawing young people this year, down in numbers from where they were a year ago.

He attributed that in part to youngsters who avoided a new PIC requirement — that any who flunked a course in the past year go to summer school — by simply getting a job on their own in the fast-food industry, where part-time, minimum-wage help is in short supply.

As for the full-time program, Taylor said, many of the youths in the 16-to-21 age group, on which JTPA requires 40 percent of the funds to be spent, "haven't really made a decision on what they want to do with their lives," and "by the time they do they're about 23 or 24 and thus they're not really a part of the group that we're mandated to spend large amounts of money on."

Worse yet, critics point out that young people who need such a program the most are the ones least likely to get help from it simply because helping them involves too much risk of failure — particularly at a time when the state is having difficulty spending money fast enough to justify its allowance.

Contractors who provide employment and training placement services for local PICs usually aren't paid the full amount for services rendered unless and until a trainee is in a job — hence the cream of the crop among those eligible is a much safer bet than the hard-core unemployed.

Funds pile up

In Columbus, Frankie L. Coleman, who oversees Ohio's JTPA program, says that "the picture is much better" today than in January, when she sent out use-it-or-lose-it letters to several of the state's 30 PICs, warning them they had until July to deal with the problem.

Among them, reportedly, was Akron/Summit/Medina PIC with, $2 million; the Stark/Wayne/Holmes/Carroll/Tuscarawas area operation, with $1 million; the Cleveland and Cuyahoga County PICs, with a combined $6 million; and Columbus, with an excess of $5.5 million.

"I can't tell you that we're going to spend all of it," Mrs. Coleman said. "I just know that. . . . I think the year is going to cash out where we would have spent much more than we anticipated."

Perhaps so, but according to Rose Juriga, program manager of Akron 70001 Retail Skills Training Center, "recruitment is and has been an ongoing problem."

"I can speak for this office of 70001 as well as the other service providers here locally. . . . We are not meeting program goals because we are just not receiving in enough youth enrollment.

"It's not a problem with youth unemployment per se, because the jobs are there," she said. "It's the matching of what those jobs provide — whether or not there's enough incentive for that young person to want to go after it."

It's not yet the matter of running out of young people, she said, "but I think that we're running out of a match, I guess you might call it — an incentive to work, as opposed to not work."

And as the skill levels drop among those who are taken in, the time and effort required to reclaim them becomes more and more involved, and more and more costly in a program that stresses the need for keeping down the cost per placement.

Remedial teaching

"The majority of ours are high school graduates," she said, "but they're functioning at around a fifth- or sixth-grade level, so we're doing a whole lot of academic remediation before we can even think about training in retail."

There are no numbers available from the Ohio Department of Education to show how many students graduate from Ohio high schools each year who are functionally illiterate, but examples abound of graduates who need reschooling before their basic reading and math skills are high enough for them to be considered for entry-level jobs.

Likewise, the Ohio Bureau of Employment Services provides no breakdown of how many poverty-level youngsters are among the jobless.

And the Ohio Department of Human Services doesn't calculate a total number of youngsters between 16 and 21 who are on the welfare rolls.

ABJ - 9-7-87 P.A-6

When asked for the total number of disadvantaged youth served by last year's full-time state JTPA program so a percentage of those reached could be calculated for Ohio, the answer was reported as 28,639.

But according to a spokesman for JTPA-Ohio, that number includes 4,714 youth who are 14 and 15 years old — although the federal standard used for disadvantaged youth is 16 to 21.

Furthermore, for purposes of calculating a percentage, the spokesman said the only number available for total disadvantaged youth in the state is 1,218,257 — a number that was arrived at in the 1980 Census.

Where it went from there nobody seems to know — despite the fact Ohio has endured significant economic changes in those seven years.

Given those numbers, it would mean the full-time program failed to reach 98.1 percent of those eligible, or 97.7 percent if the 14- and 15-year-olds were included.

Taylor, head of the Akron/Summit/Medina PIC said he could shed no light on such data either.

For even though he is mandated by law to spend 40 percent of the funding on youth, he apparently has no way of knowing what percentage he is reaching or missing.

"It's difficult to really get the information you need," he said. "We run into that problem all the time."

Consequently, those who work within the program speak in terms of the numbers served, and venture few guesses as to how many more there might be who are never reached.

Nationally, those familiar with the program say the number of never-reached is somewhere in excess of 90 percent.

The cost of a job

But the tale has no relevance to Joan Mitchell. She was reached. Successfully.

Yet she still needs work, she still wants to work, and she still hasn't given up the idea of making money at it.

"If I get a job, I'm going to have to pay a baby sitter. Minimum wage? It's going to take my whole check to pay somebody to watch my son," she said. "I need something full-time, working 40 hours a week, making at least $4 an hour with benefits, for me to say: OK, I'm not going to be on welfare anymore. But it's too hard right now and there's nothing like that available in Akron."

It could be she made a mistake when she quit.

Her food stamp allotment would have been cut back, and her ADC payments would have been reduced at periodic intervals depending upon a variety of factors, but she would be able to keep her medical card as long as she is on welfare and free day care would have been available as long as she worked full time, according to Dave Richards of the Summit County Human Services Department.

But Richards, after reviewing a host of rules and regulations and formulas, acknowledged that such calculations are "a risky proposition" for recipients wanting to move into a job.

"How could you, as a recipient, understand all these dynamics and make a conscious decision?" he asked. "It would be very, very difficult."

So aside from guessing, what should a recipient do in such a case?

"They would have to sit down with their (case) worker and go over, in very intricate detail, what they would be entitled to and for what period of time," Richards said. "And I would suggest to you that it is a lengthy proposition."

So, Ms. Mitchell and many more like her quit their jobs and wait for the day that something better comes along.

The predicament, it appears, is very common.

"We've been trying to beat that one," said Semerad, the assistant labor secretary in charge of the program. "That was one of the changes that we've been trying to institute and I believe we will get that into the law so you will not have that barrier — struggling along.

"We try to measure success in more than a week on the job," he said, but insisted that for those who look critically at JTPA, the "success rate" ought to be viewed as a plus, not a minus.

He described the system as "brutal," but he said it must be kept in mind that local contractors who provide the service that keeps JTPA in business are dealing with, as the assistant secretary put it, "an awful lot of people who are destined to go nowhere."

On Tuesday: Experts share their thoughts on providing job training and remedial help for America's unskilled youth.

ABJ - 9-7-87
p.A-6

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One 11th-grade dropout who was abandoned by addict-mother says, 'It gets worse from there'

Can army of unskilled youth be redeemed?

Last of three parts

By Keith McKnight
Beacon Journal staff writer

He was one of five Ohio youngsters invited to Washington in February to tell a U.S. Senate subcommittee what's it's like to be young and disadvantaged in today's America.

And this, in part, is what he said:

"My name is Shawn Leyba. I am 19 years old, and I dropped out of school in the 11th grade.

The Jobless Young

LOSING THE BATTLE

"My story is — my parents had their problems. I never knew my dad. My mom was on drugs. She did not have much going for her. To take care of a little son, that was just an extra problem for her. . . .

"I was about 5 and my mom just took off, just left us in the apartment. For a couple of days I was taking care of my baby sister. I did not know much, but I knew how to put on Pampers and stuff like that, and we did not eat for a couple of days.

"Then my grandma found out, and from there I was just bounced around from foster homes to my grandma's house, to my uncles, to my aunts, cousins, everybody.

"In between then, I got in a bunch of trouble. . . . I got into a little bit of the drug business trying to survive.

"That is basically it. That is how my life goes. It gets worse from there."

Shawn Leyba is but one of a growing army of America's youth — some undereducated, some illiterate, some unmotivated, but all with an uncertain future because they aren't skilled enough to hold a job, whether they graduated from high school or not.

And the question — posed by those worried about the consequences of doing nothing — is what must be done to redeem such an army?

"In my view, it would take a two-year investment to take a school dropout at the 11th grade, 10th grade, who is four years behind in reading . . . and get them to a position where an employer is ready to hire them. . . . That would be an investment in the neighborhood of $25,000 per kid. Roughly. And

See CAN, page A4

Missing

late '60s and a lot of things can fly in Washington.

"You can't run a democratic society with substantial numbers left out with no chance and no future," he said.

Prevention, not cures

Ginzberg's response is much the same as experts who view the growing numbers of America's young have-nots with increasing alarm, and see solutions as difficult and expensive but clearly rooted in the need for a revolution in education.

They distinguish between preventing the problem, which starts with children, perhaps long before they reach school age, and curing it, which involves massive funding for the retraining of the already disadvantaged jobless in the work force that far exceeds amounts currently available through the Job Training Partnership Act.

There are also side issues of needs for interim cures on which there is substantial agreement:

- Welfare reform that provides a more generous transition period for those who want to work but fear the financial risk of losing all their welfare benefits if they do.
- Pooling of the various efforts aimed at different aspects of the problem, to mount a united national program that eliminates duplication and turf battles.
- Refocusing the national program not only with additional funding, but also to turn the thrust of the effort toward rehabilitating lost workers with skills that can keep them employed, rather than rushing them into a job they will be unlikely to keep.

"Unless we make fundamental changes in the skills of these people — with respect to education and job experience — they're just going to run into a revolving door in the labor market," said Lawrence C. Brown Jr., president of the Washington-based 70001 Training and Employment Institute.

'Sympathy is declining'

Assistant Labor Secretary Roger Semerad, the Reagan administration's man in charge of the JTPA program, doesn't dodge such criticism, but meets it head on with a life-is-tough kind of response:

"We've provided this country an enormous public investment in our school systems and dropouts, by and large, are voluntary. So, where does the responsibility lie? . . . As a taxpayer I want us to get the return on the investment.

"I think the sympathy level with those who have got a million excuses is declining in this nation.

"We know for a fact that people do break out," he said. "Now if one person can break out . . . you have to say: Well, why didn't their next-door neighbor?"

Trillions of taxpayers' dollars have already been spent on jobs programs, and because they have produced only mixed results, he said, the administration obviously doesn't feel that approach is better government.

Furthermore, he said the government has no notion of providing jobs itself.

"Why should the government provide jobs? Why shouldn't people have to learn to read and write? . . . OK, you're poor, you're disadvantaged, you're illiterate: We'll give you job. Well," he said, "that's not the way the real world works."

Financial alternatives

Such views, however, do not appear to be widespread among other experts.

"With all due respect to the assistant secretary, he's missed the boat on that," said Elton Jolly, president and chief executive officer of the Philadelphia-based Opportunities Industrialization Centers of America. "The idea is that the only way a youngster can get the benefits of training —

Missing

have to be created. . . . It is dc
everywhere with the idea in m
he doesn't have to stay in
labor-intensive job but at leas
gets a foot in the door.

"That's where you've g
take him," Jolly said. "An
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on the street. For if you
them to another level of tr
it's called the prison."

His views, like Ginzber
far more weight on the e
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strength of the Reagan
tration's current policy.

As for the costs, Joll
financial alternatives f
with the nation's "grow
class" are very clear.

"When you look at t
ics, it's absurd!" he
"Here in Pennsylvani
cerate a youngster 1o years oю
costs $50,000 a year. We can put him through the University of Pennsylvania for $25,000."

According to Jolly, if you train youths and place them in a job, that creates more jobs, adding to (rather than subtracting from) America's tax dollars and productivity.

"We're going to either do it that way, or the second route is that we're going to have to give them welfare," Jolly said. "We'll have to feed them ourselves — your taxes and my taxes — and if we don't do it that way, the third way is that they will take it. And there won't be enough jails in the country to hold them all."

Improving the schools

The Hudson Institute's *Workforce 2000* report — funded and published by the U.S. Department of Labor — explains that the $4 billion JTPA program "can only make a small dent in the problem," then shifts the focus for solutions on the education system, calling for radical change, perhaps "complete privatization" in schools with the most serious problems.

"Performance standards should be applied not only to teachers but to students, administrators, and schools themselves," the report said. "In practice, this might mean not only support for magnet schools that can be islands of excellence, but a willingness to close the worst schools, fire incompetent teachers, and expel disruptive students."

William B. Johnston, project director for the report, elaborated on the point in an interview this way:'

"JTPA is only a part of the answer," he said. "I don't think that you can expect to fix this wagon by dealing with people after they are 16 and are already out of the public school system.

"You can make a difference with some second-chance stuff," he said, "but you can't fix the problem unless you go back a long way and start changing the amount of investment in the children."

According to Johnston, when looking at data on the satisfaction of parents from various school districts across the country, "it is striking how satisfied people are out in the suburbs, and how dissatisfied they are in urban areas where the kids are getting a lousy education."

Johnston said he believes that dissatisfaction will translate into action no matter how strong the local institutions that traditionally — under the banner of preserving the public schools — resist change at all cost.

"Among black parents in poorer school districts," he said, "that kind of argument doesn't quite wash any more — even though for a very long period of time the civil rights movement and the education community have been very united on how they define the agenda."

A larger problem

To Ginzberg, however, preventing the problem involves "a much larger racial, psychological, developmental set of prob-

ABJ - p.A-4
Sept. 8, 1987

lems" than the schools can overcome.

First, he said, America's basic economy has changed its requirements from a time when a person of working age could easily move from the school system to factory 'work because of the availability of blue collar jobs requiring only "brute power" that could be learned "in an hour or a day or a week, at most."

"There aren't many of those jobs left," he said. "If you come from Akron, you know what happened to that industry."

Second, he said, the economy has shifted toward white collar jobs that require "a series of social and communications skills and competences that a lot of these kids don't have."

Particularly for minorities who have grown up without any ongoing relationship with a white person, he said, there is a "tremendous problem" because "that's not easy to fit into a white-determined society if you are growing up completely distanced from it."

Furthermore, he said, "ghetto schools are underproducing to an unbelievable extent. They have always underproduced. That's not just racial. They have never done well by poor kids."

According to Ginzberg, "The American school system works for everybody reasonably well who has had a reasonable structure of family life.

"But if the family is in disorganization and the community is in disorganization, the school can't pick up the pieces. It never has in this country."

The point, he said, is not to let the schools off any hook, but "we don't have a substitute for weak families. And to say the schools are to pick up all of that is just ridiculous. They can't do it."

●

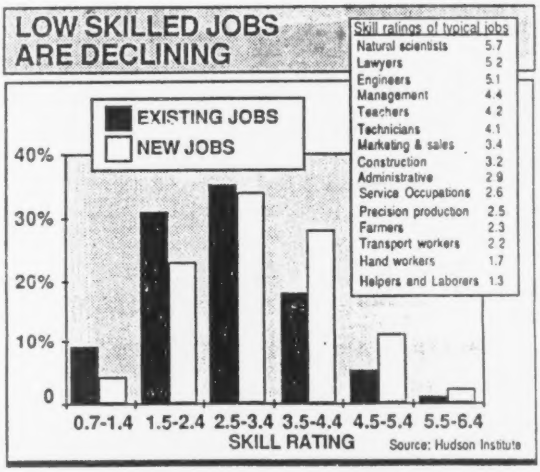
Footnote: Shawn Leyba is a father now. After spending some time in jail, he was placed in a group home where he met a girl he now lives with in a $300-a-month apartment on Cleveland's near west side, supported by $300-a-month welfare payments, food stamps, and whatever else they can scrape together.

They have lived together for nearly five years, but they still aren't married because Shawn says he wants to save enough money first so he can afford a special day they can cherish.

Whatever the future may hold, both he and the woman he loves expect to get their General Educational Development diplomas in two months and from there they will see what life is to become.

The hearing, seven months ago now, was a big event in Shawn's life — he had never been to the nation's capital — but he is uncertain as to how much impact it all may have had on anything.

"In a way, I felt like a statistic," he said. "I don't know if what they said at the hearing is going to help. . . . There's only so much people can do for somebody else. You've got to do it for yourself."



Skill ratings of typical jobs	
Natural scientists	5.7
Lawyers	5.2
Engineers	5.1
Management	4.4
Teachers	4.2
Technicians	4.1
Marketing & sales	3.4
Construction	3.2
Administrative	2.9
Service Occupations	2.6
Precision production	2.5
Farmers	2.3
Transport workers	2.2
Hand workers	1.7
Helpers and Laborers	1.3

Source: Hudson Institute

ABJ
p. A-4
Sept. 8, 1987

Senator **Metzenbaum**. A Department of Labor official is quoted as saying you cannot do much more to reach the disadvantaged because, quote, "If people don't want to work, there isn't a whole heck of a lot you can do about it."

Do the young people in your program want to work, and what does it take to recruit them?

Ms. **Stoneman**. They want to work. They want to do meaningful work. Two or three days of advertisements in The Daily News bring us six times more young people than we can take into the program because it is housing construction.

I think one thing that has not been mentioned much here and that deserves mention is what is going on in our communities in relation to drugs. It is really a scourge, and it is worse than it has ever been. It is worse than in the 23 years I have been in Harlem. "Crack" is killing people at a very rapid rate. The numbers of young people who are getting engaged in drug dealing at younger and younger ages is frightening. The young people are being lured out of school to make large amount of money, dealing.

I begin to hear for the first time recently young people talking about it—young young people, 12 and 13 year-olds—as if that is an opportunity that has to be taken into consideration. In the past, I have only heard young people saying it is terrible, and we have to get rid of drugs in the community. But that is getting worse.

Given the television images about what is success, and given the temptations in the communities and the pressures, you cannot expect people to flock to low-prestige, minimum wage, McDonald's type jobs forever. All the young people have tried that once and have found it to be a dead end. That is, to me, why our approach to the construction is working, because we are graduating people who right away are going into $7 an hour jobs, $10—last week, someone got a job for $18. In the last month, five of our young men have married because they have found themselves able to support children they already had.

So there is a path for people, but you have to think about what is it the young people really want to make out of their lives, not what kind of entry-level workers must we create for jobs which are the least interesting.

Senator **Metzenbaum**. Thank you, Madam Chair.

Senator **Mikulski**. Senator Metzenbaum, many of your questions were right along the lines of those I had.

If I could come to Ms. Stoneman for a second, I am very much interested in how people come to your program. At-risk people in my mind do not usually sit around reading the newspapers, and newspapers do not usually place ads.

How do you recruit and do outreach for your program, or is it primarily through a referral system from courts or whatever?

Ms. **Stoneman**. It is not through a referral system. That hardly works at all, and that is one of the problems with many programs. They think they can recruit through other programs, and they send fliers to them, and no young people come. You have to reach into the community.

We recruit through word-of-mouth. A lot of young people bring their friends or cousins or relatives. But I have been surprised at the impact of The Daily News, because the young people may not read the papers, but their parents do, and some of their friends do, and many of them report waking up in the morning——

Senator MIKULSKI. Well, how do you recruit?

Ms. STONEMAN. We put an advertisement for three days in The Daily News. Then, we simultaneously put fliers out all over the community, and the young people go out and post them on bulletin boards and in housing projects.

Senator MIKULSKI. I see. In terms of the issue around work ethic that Senator Metzenbaum raised, I would like to come back to that because, for example, in my own home town of Baltimore, there have been many service jobs created at entry levels. And when I talk to the employers, what they say is everybody wants a job for about an hour and a half, and then nobody wants to work for more than 40 minutes. Now, I am being a little bit sarcastic, but they are very frustrated in terms of that. They know that the jobs that they offer, for example, are on their way perhaps to something else. They know that this is a job that might be fine for an 18 year-old to start out, and it is not a terrific job for a 38 year-old to be placed in.

But they feel that at that beginning level, those are jobs that provide people with an income while they then participate in other programs.

What is your response to that? You are training people in construction, which appeals to men a great deal—the very nature of the work and the very nature of the income for the work appeals to them. We are not going to create a national program to train people in construction. Is that why you were a success, because of the construction aspect?

Ms. STONEMAN. I think it is a very important element. We have tried various kinds of programs. I do not think it is just the nature of the work and the money, though. I think it is also the importance of the work to the community. Now the young people want to start a new employment program which would be taking care of homeless babies who are left in our hospitals uncared for, because they feel that is important enough to prevent permanent damage to those babies, just like they are building permanent structures for other homeless people.

I think that makes a difference whether you are going to stick to a job or not. It is not easy, and it is not magical, either. I do not mean to make it sound that way. Within the at-risk population, while there are large numbers of young people who will respond and respond well, there are also large numbers who need to be supported, who need to have their hands held, and who need to be scolded.

Senator MIKULSKI. But you have ideas to both retain people in entry-level service jobs, what have been called "Mcjobs" and then integrate that into some type of opportunity structure, then to get your education and move beyond.

Ms. STONEMAN. I did not hear the beginning. Would I have ideas, is that what you said, about how to do that?

Senator MIKULSKI. Yes. You see, you are a success, and there is no doubt you are a success. And let me tell you, it is worth having one success to even consider this. But we are now trying to look at how to deal with these 700,000 kids. Many of them will be in and out of the service-level jobs, usually in fast food, the hotel industry, some type of tourism, message couriers—all of those kinds of things. And we are not going to have a lot of opportunities for your kind of program. We are going to have a lot of opportunities for what I have just described.

Do you have ideas to make people who are working at Harbor Place in Baltimore, or South Street Seaport in New York, stay while we are also participating in some type of other training program?

Ms. STONEMAN. Yes. Let me say first I think we should consider a national program of youth employment in housing rehabilitation since homelessness and affordable housing is tops——

Senator MIKULSKI. Ms. Stoneman, I am not denying that.

Ms. STONEMAN. Okay. That is all I wanted to say; I just wouldn't want to rule it out.

Yes, I think that service-level jobs can hold people for a period of time while they go to school if there is enough support system around them—if there are staff people and other young people who truly care and show their caring in a variety of ways and who build a relationship which is so committed to the development of the young person that that young person feels and is loved and is being given a hand toward their own development and will be given a hand when they slip and fall; again, we have to pick people up at home, we have to let people drop out and pull them back. It is a long-term commitment, and it is a very personal, human commitment; it is not an institutionalized commitment.

And let me emphasize again, I think the emphasis on education is key in that, because all the young people do want to reclaim their education, but they have been turned off by it.

Senator MIKULSKI. Thank you.

Mr. Wenzler, you have been active in PIC, and of course, we have heard let's expand PIC, which I agree with. But my question would be why do you think the PIC groups or JTPA have not really dealt with this particular population?

Mr. WENZLER. Well, I think that they have tried to deal with that population, but I don't think the Job Training Partnership Act armed them with the tools to deal with the wide range of problems that these young people have, who are very disadvantaged.

I know there has been some criticism of the system. The word that is always used, of course, is "creaming", which I have always resented, frankly, because people trained under the Job Training Partnership Act must be disadvantaged or they could not be trained under the Act.

I think the group we are talking about here today is a very costly group to serve, and I do not think the Job Training Partnership Act ever was intended to really cope with that problem, Madam Chair.

Senator MIKULSKI. Would you have some recommendations on the tools? Your ideas presented in this testimony were very excellent.

First of all, what tools would you think JTPA would need to reach out to this group?

Mr. WENZLER. Well, I hate to say it, but it would need more money. I would have said when the Job Training Partnership Act was first enacted that to throw more money on that system when those of us in the private sector were for the first time getting involved in job training for the disadvantaged would have been a very big mistake.

I think now the system—at least those PICs which have been relatively successful, and there are many of those—I think is now ready to deal with maybe more money. I wouldn't have the first clue how much money that would be, but I do think that is one of the problems.

Senator MIKULSKI. What you are saying is the more difficult the population, the more resources it takes to reach the population.

Mr. WENZLER. I think that is certainly a fair statement.

Senator MIKULSKI. And it is just not good coordination and communication and cooperation.

Mr. WENZLER. Well, that is all very necessary, of course, but it's not just that.

Senator MIKULSKI. Thank you. Again, your testimony is excellent.

I have to say when JTPA was first passed, I was a little suspicious. You know, we bagged CETA, and was it just going to be an organizational structure. But I must say, I think JTPA, particularly through the PIC Councils, has done more than those of us who originally had reservations about it thought, and I think the amount of effort that has been put in by the private sector and the expertise offered to the human services community has really been outstanding. And in turn, I think the business communities learn a lot from the human services, that it just wasn't a bunch of bureaucrats who were bungling, and if they had a little bit more business know-how, they could just get on with it. I think everybody has learned from each other, and I know my community and my State have really benefited through JTPA.

Mr. WENZLER. I certainly learned an awful lot, myself. I will say that we did break down some of the bureaucracy initially. There was some of that in my situation.

Senator MIKULSKI. Oh, believe me, bureaucracies are harder to deal with than empires. Empires, you have just got one emperor.

Ms. Edelman, your testimony again has been quite comprehensive. I do not have any questions except one. Throughout this testimony today, we have heard about high-risk men and at-risk men. That is also one of the focal points of this activity. My question to you is tell me about the at-risk women, and would this program in any way benefit them—or are there only at-risk men?

Ms. EDELMAN. Oh, no. There are at-risk women and men. But I guess, particularly in our teen pregnancy effort, we have acted as if it is solely a girls' problem, and we have forgotten those boys. And many of them have the same problems and certainly the same responsibilities to healthy family formation and to parenting responsibilities. So that emphasis has been more a reaction to the public perception that family responsibility and support is solely a women's issue.

But I would just emphasize that both young men and young men are at risk. Indeed, because young women still do bear a disproportionate share of childbearing responsibilities and family responsibilities, it is even more important that we target a significant share of whatever we are doing in terms of basic skills development and dropout prevention and retraining those who have already dropped out of school and getting them back into school and giving them the training that they need to support their babies to young women. As we know, those young women who are trying to raise children in single-parent households already have a hard time earning a decent wage in this Nation. And out of the 500,000 teens who have babies every year, an overwhelming majority have not finished high school, and many of them have not even completed ninth grade.

So for the sake of two generations of children, we have got to pay attention to girls as well as to boys in our training and employment efforts.

Senator MIKULSKI. Thank you. Would you say that the Metzenbaum-Specter legislation, because it is targeted to primarily but not solely young men, really is a way of dealing with teenage pregnancy the way Ms. Stoneman has talked about these things?

Ms. EDELMAN. Oh, absolutely, because as you have heard me say more and more, the key to teenage pregnancy prevention, particularly with disadvantaged youth, is providing them with positive life options. You can't just tell them to say no; you have got to put something better in place. You have got to give them hope. You have got to give them a sense of a future worth waiting for. You have got to tell them if they wait and stay in school, and you give them a decent education, that there is going to be a job out there.

So this is absolutely crucial, and I really appreciate your doing it. I hope the YES Act can get enacted quickly. I hope it can increase and expand. But it is long overdue.

Senator MIKULSKI. I am going to thank the panel for their very wise and informative testimony.

I want to also note that Senator Paul Simon asked me to thank each and every one of you. He has an opening statement that will go in the record. I want to thank the Simon staff for organizing this. I think we have got a lot of good ideas to pursue on this particular legislation as well as the at-risk population.

Also the testimony given, for example, by you, Ms. Stoneman, raising the issue of drugs—I think we have got to get drugs back on the front burner. It was a very important campaign issue 18 months ago; a lot of hoopla. And I am concerned that it is really killing our community. Drugs corrode, and drugs corrupt and can destroy us. And the best programs in the world, if the highest-paid person in the community is the drug dealer, and the kids want to be entrepreneurs, they have already started small businesses.

So, thank you.

Senator METZENBAUM. I want to thank you, Madam Chairman, for conducting this hearing. I think it was a good hearing. Your commitment and your concern are much appreciated by all of us.

Senator MIKULSKI. Thank you, Senator.

Ms. STONEMAN. May I say one more thing, Madam Chairman, just to the point of hope; that hope is at a very low ebb in our communities at this moment. And if you ask young people how they think it will be in ten years, they think it will be worse. And it was not like that 10 years ago or 20 years ago.

So, thank you again for taking the initiative.

Senator MIKULSKI. Thank you.

The Subcommittee stands adjourned.

[Whereupon, at 12:00 p.m., the Subcommittee was adjourned.]

YOUTH EMPLOYMENT UNDER TITLE II OF THE JOB TRAINING PARTNERSHIP ACT

WEDNESDAY, APRIL 27, 1988

U.S. Senate,
Subcommittee on Employment and Productivity,
Committee on Labor and Human Resources,
Washington, DC.

The subcommittee convened, pursuant to notice, at 2:00 p.m., in room SD-430, Dirksen Senate Office Building, Senator Paul Simon (chairman of the subcommittee) presiding.

Present: Senator Simon.

OPENING STATEMENT OF SENATOR SIMON

Senator Simon. The Subcommittee hearing will come to order.

I have a statement I will enter in the record and not read at this point.

We are here to discuss what happens to young people who fall between the cracks. There has been some attention, not enough attention, paid to those who drop out. We are going to have to pay a lot more attention to that. There is attention paid to those who go on to college. There is not enough attention paid to those who finish high school but do not go on for postsecondary education.

Just recently, there have been two recent reports, "The Fourth 'R': Work Force Readiness" and "The Forgotten Half: Non-College Youth in America", excellent reports, that have really focused on where we are and what we ought to be doing.

One-half of our high school students finish high school knowing they will be given an added chance to further their education and sharpen their skills. But the other half, we really have largely ignored. And here, let me also pay tribute to the proprietary schools, the for-profit schools, that have paid more attention to this area than I think a lot of the other schools that—and I do not mean this disrespectfully of the colleges since I spent a lot of time working on their efforts—but the proprietary schools really have zeroed in on much of this population in a way that some of our traditional schools have not.

The trend lines show decreasing demand for unskilled labor, and that trend line is not going to change, and the other trend line shows an increasing pool of unskilled labor that is not going to change dramatically; it will change some. By the year 2000, employment in professional and managerial jobs will increase by 5.2 million, while labor positions will increase by only 1.3 million jobs.

One very fundamental question we also have to face is whether we try to revive the manufacturing sector of our economy. That is going to have a major impact on a lot of the young people we are talking about here today. My own feeling is we have accepted a little too easily the idea that we are becoming a service economy and an information economy.

Minorities will account for roughly 57 percent of the labor force growth from 1986 to the year 2000. Minorities currently comprise about 18 percent of the work force, and by the year 2000 will comprise about 29 percent. And if you add women to the number of minorities, 80 percent of the labor force growth by the year 2000 will be from those sources.

I will also include in the record at this point two articles on this issue. One appeared in the Washington Post, Bill Raspberry's column entitled, "The Forgotten Half"; and the other, Al Shanker's column in the New York Times, titled, "Remembering the 'Forgotten Half' ".

I will also insert into the record a statement by Senator Howard Metzenbaum on this subject.

[The full text of Senator Simon's opening statement, the articles referred to, and Senator Metzenbaum's prepared statement follow:]

OPENING STATEMENT FOR SENATOR PAUL SIMON (D-IL)
HEARING ON THE YOUTH EMPLOYMENT AND SCHOOL-TO-WORK TRANSITION
SUBCOMMITTEEE ON EMPLOYMENT AND PRODUCTIVITY
APRIL 27, 1988

GOOD AFTERNOON. THE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY BEGINS HEARINGS TODAY ON THE WHOLE QUESTION OF YOUTH EMPLOYMENT AND MAKING THE TRANSITION FROM HIGH SCHOOL TO THE WORKPLACE FOR THOSE STUDENTS WHO ELECT NOT TO ATTEND COLLEGE. OUR FEDERAL POLICIES IN EDUCATION AND EMPLOYMENT AND TRAINING INCREASINGLY FOCUS ATTENTION ON THE TWO EXTREMES -- THOSE WHO DROP OUT AND THOSE WHO GO ON TO COLLEGE. LITTLE ATTENTION IS PAID TO THE VAST MAJORITY OF STUDENTS WHO DO NEITHER.

THIS HEARING HAS BEEN SCHEDULED TO DISCUSS THOSE WHO FALL BETWEEN THESE TWO EXTREMES. I PLAN TO DISCUSS THE WORKFORCE READINESS OF THESE NON-COLLEGE BOUND YOUTH, AND PARTICULARLY FOCUS ON TWO RECENT REPORTS -- THE FOURTH R: WORKFORCE READINESS AND THE FORGOTTEN HALF: NON-COLLEGE YOUTH IN AMERICA. SEVERAL OF OUR WITNESSES TODAY WILL ALSO BE TESTIFYING ON VARIOUS SCHOOL-TO-WORK TRANSITION PROGRAMS IN WHICH THEY ARE INVOLVED.

ONE-HALF OF OUR HIGH SCHOOL STUDENTS FINISH HIGH SCHOOL KNOWING THEY WILL BE GIVEN AN ADDED CHANCE TO FURTHER THEIR EDUCATION AND SHARPEN THEIR SKILLS. BUT, FOR THE OTHER ONE-HALF, WE DO VERY LITTLE. WHEN THESE STUDENTS LEAVE HIGH SCHOOL - WITH OR WITHOUT A DIPLOMA - THEY ARE ESSENTIALLY ON THEIR OWN. ONE OF THE REPORTS I JUST REFERRED TO HAS APTLY LABELED THESE CHILDREN "THE FORGOTTEN HALF." THEY HAVE FEW SECOND CHANCES - AND, YET, MANY DO NEED ADDITIONAL TRAINING OR EDUCATION TO GET STARTED IN A CAREER. THESE ARE ARE THE YOUTH THAT WE ARE HERE TO DISCUSS.

OUR ECONOMY IS FACING TWO HUMAN RESOURCE TREND LINES - THE SUPPLY OF UNSKILLED AND UNEDUCATED LABOR IS INCREASING, WHILE THE DEMAND FOR UNSKILLED LABOR IS DECLINING. BY THE YEAR 2000, EMPLOYMENT IN PROFESSIONAL AND MANAGERIAL JOBS WILL INCREASE BY 5.2 MILLION, WHILE LABORER POSITIONS WILL GROW BY ONLY 1.3 MILLION JOBS. ONLY 10% OF THE NEW JOBS CREATED BY 1995 WILL BE IN MANUFACTURING -- THE REST WILL BE IN THE SERVICE SECTOR.

AT THE SAME TIME THAT OUR LABOR FORCE IS GROWING MORE SLOWLY, (THE POST-BABY BOOM), IT IS ALSO MADE UP OF MORE WOMEN AND MINORITIES. BLACKS, HISPANICS, ASIANS, AND OTHER RACES WILL ACCOUNT FOR ROUGHLY 57% OF THE LABOR FORCE GROWTH FROM 1986-2000. IF WE INCLUDE WHITE WOMEN, THE MINORITY AND FEMALE SHARE OF LABOR FORCE GROWTH WILL EXCEED 80%. THESE ARE THE SAME GROUPS THAT HAVE HISTORICALLY BEEN DISADVANTAGED. IF WE WANT A SKILLED, COMPETITIVE LABOR FORCE, WE CAN NO LONGER AFFORD TO IGNORE THESE GROUPS, NOR CAN WE CONTINUE TO DISADVANTAGE THEM. WE MUST PLAN TO CONVERT AN EXPECTED FLOOD OF UNSKILLED LABOR TO A SKILLED ONE.

WHILE WE WILL BE INCREASINGLY PLACING TOUGHER DEMANDS UPON OUR FUTURE WORKFORCE -- ALMOST ONE-HALF OF OUR PRESENT STUDENTS ARE NOT ATTENDING COLLEGE. AND, CURRENT TRENDS TELL US THAT LESS THAN 30% OF TODAY'S HIGH SCHOOL STUDENTS WILL EVENTUALLY GET A COLLEGE DEGREE. WE MUST INCREASE OPPORTUNITIES FOR THE NON-COLLEGE BOUND, AND WE CANNOT BEGIN AFTER THEY HAVE COMPLETED HIGH SCHOOL OR DROPPED OUT. IT IS AN ISSUE OF ECONOMICS AND OF FAIRNESS. IF THESE YOUTH ARE UNEMPLOYED OR UNDEREMPLOYED, THEY BECOME AN ECONOMIC BURDEN OPON SOCIETY. AND, IT IS ONLY FAIR TO GIVE THESE YOUTH A SHARE OF RESOURCES, WHEN WE SPEND $112 BILLION A YEAR ON HIGHER EDUCATION FOR THE COLLEGE BOUND.

I LOOK FORWARD TO HEARING THE TESTIMONY OF OUR WITNESSES TODAY ON THIS IMPORTANT ISSUE. I WOULD ALSO LIKE TO INSERT FOR THE RECORD TWO RECENT ARTICLES ON THIS ISSUE. THE FIRST IS A WASHINGTON POST ARTICLE BY WILLIAM RASPBERRY ENTITLED "THE FORGOTTEN HALF" AND THE SECOND IS A NEW YORK TIMES ARTICLE BY ALBERT SHANKER ENTITLED "REMEMBERING THE FORGOTTEN HALF."

Washington Post

WEDNESDAY, APRIL 20, 1988 A21

William Raspberry

'The Forgotten Half'

For young people with the academic and financial resources, the after-high school path has been reduced to a routine: get into the best college your grades and finances can afford, and then, perhaps after a graduate degree, start the climb up the career ladder.

For the others, the path is a good deal rockier: find a job—usually a job with no career ladder—and try to survive until you are old enough for an employer to take you seriously.

Virtually all our official attention has gone to the first group. The education reform movement of the past several years has taken for granted that everybody is (or ought to be) going on to college.

The William T. Grant Foundation is urging a harder, more sympathetic look at "the forgotten half"—the 20 million youngsters aged 16 to 24 who won't be going to college.

The foundation, in the interim report of its Commission on Work, Family and Citizenship, 1988, does not discount the importance of college education. But it does argue that we need to do far more, academically and vocationally, for our non-college-bound young people. And the first thing we should do, it says, is to stop thinking of these youngsters as predominantly drug-abusing, crime-prone and irresponsible. Some are; most aren't.

"While many youth without college education are successful, the Commission is concerned that a large fraction of them are finding it harder than ever to swim against an economic tide that is flowing against them. They are seeking jobs they cannot find. Their work, often on a part-time basis, earns too little to support themselves or a family. They are floundering in their efforts to find a place for themselves. And some are losing hope that they have much of a future."

The remedy routinely offered by all except the vocational-education professionals is: college. But as the report notes, many youngsters who are capable of earning a decent living are not college material, and they will become less so to the extent that the schools implement the tougher standards everybody seems to be urging.

So what should we do for "the forgotten half"? Strengthen the schools, of course, particularly by providing alternative, hands-on, learning experiences and job preparation for young people who do not fit the college-bound mold. But:

"Students may work hard through the 12 grades of school, may compile adequate records and may graduate in good standing, and their teachers may have effectively taught them the basic skills. Nevertheless, they are still likely to encounter problems in getting started in a productive career. The primary problem lies with the economy, and the paths for youth to enter it, rather than with the youth themselves."

The commission argues for:

- "A better first chance": more career-oriented opportunities with better pay and more chances, in school and out, for skills enhancement. "The half of our youth who do not go on to college have a right to be able to compete for jobs that are adequate in numbers, that offer reasonable wage levels, that provide health insurance and other essential benefits, that offer career advancement in return for diligence and competence, and that provide continuing educational opportunities and retraining benefits if they are displaced by technological change";
- Increased alternatives to traditional schooling, including an expanded Job Corps as well as state and local job-training programs;
- Greater access to the "lifelong learning" programs that already are working well for adults with some college but that "have largely bypassed the unemployed and under-employed blue-collar workers, who most need the added training."

The commission does not underestimates the value of college training; indeed, it argues for a better-educated citizenry to meet the political, cultural and technological requirements of the society. But its emphasis in this interim report is on "the forgotten half."

"Our economy, national security, and social cohesion face a precarious future if our nation fails to develop now the comprehensive policies and programs needed to help all youth."

NY Times 1-24-88 E 7

ADVERTISEMENT

WHERE WE STAND

By Albert Shanker President
American Federation of Teachers

Two Nations—20th Century Style

Remembering the "Forgotten Half"

The college fund-raising commercial that reminds us that "a mind is a terrible thing to waste" is mainly preaching to the converted. Though each and every college in the country is not equally well supported, there's no doubt about the American public's commitment to higher education. Since the end of World War II, starting with the G.I. Bill, support in a variety of forms has led to a huge expansion of college facilities and soaring enrollments. Millions have gotten degrees who, generations before, would never have dreamed of getting advanced education. A college degree has become a certified part of the American Dream—the ticket to economic success.

But what about those who don't make it to college—the youngsters who can't get good enough grades in high school because all along they didn't quite fit into the traditional schooling system? Or who have skills and interests that aren't tapped by the traditional academic curriculum? Or who, for financial reasons, can't take on the burden of college loans and have to make some money right after high school?

According to an "interim" report just released by the Commission on Youth and America's Future, sponsored by the William T. Grant Foundation and chaired by Professor Harold Howe II of the Harvard Graduate School of Education, the minds that we're actually "wasting" are mainly among the approximately 20 million 16- to 24-year-olds who won't go beyond high school—with or without a diploma.

The report, *The Forgotten Half: Non-College Youth in America*, destroys the myth that youngsters who aren't roaring successes in school are somehow "on the skids." Though problems obviously remain, fewer are dropping out of school; more are working. Drug abuse and teenage pregnancies are down, and even crime has shown some decline.

But times are tougher than ever for those who can't fit into the traditional academic mold. In the past, good jobs in heavy industry were there for those who didn't go on to college. But the smoke stacks have gone to other countries. The decline in many unionized industries has also wiped out many union apprenticeship programs that trained vast numbers of young adults and brought them into the economic mainstream. What jobs there are for those without higher academic credentials usually offer a severely curtailed standard of living. Among other figures, *The Forgotten Half* points out:

- "In 1986, young males ages 20-24 who had high school diplomas and had jobs earned 28 percent less in constant dollars than the comparable group of youth in 1973. . . .
- "High school dropouts suffered an even larger income decline. Those 20-24 years old who were employed in 1986 earned 42 percent less in constant dollars than the same group in 1973. . . .
- "Less than half of these young men [20-24 years old], even when employed, earn enough to support a family of three above the poverty level. In 1985, 43.7 percent of all young males who were employed had incomes high enough to support a three-person family above the poverty level. This represents a decline from about 60 percent in 1973."

Our country has made a huge and necessary investment in reforming our schools. But the raising of standards, while vitally important, has largely bypassed the youngsters not cut in the traditional academic mold. More of the same education dose dosn't work for everyone. What we've done is to penalize those who don't learn in the traditional ways. *The Forgotten Half* makes a strong case that social equity and national interest demand that we make an equal investment in our children who are not college bound right after high school. With a shrinking work force facing us in the next generation, we can't waste our human resources.

The report is rich in ideas, but its essential recommendation is that we have to try a variety of new ways to create more "bridges" to better jobs for those who don't take the usual academic road to success. For example, we should "show more flexibility in allowing young people over age 18 to return to high school. We should encourage 'dropping-in' as well as trying to prevent 'dropping-out.' Closer collaboration between secondary schools and community colleges . . . would provide alternative settings for older returning students unlikely to function well in a regular high school classroom." This would involve a "system of lifelong learning that . . . is fair to non-college youth."

This "added chance" would also mean expanding programs like "cooperative education, internships, apprenticeships, pre-employment training, and youth-operated enterprises" and more "hands-on methodology" in vocational education.

The Forgotten Half also calls for a $5 billion increase for each of the next 10 years in federal programs of proven effectiveness.

- "$1.5 billion added to Head Start would serve another 600,000 children; the program now serves 450,000, with about 81 percent of all eligible 3-5 year-olds remaining unserved. . . .
- "The Job Corps now maintains 40,500 full-year training slots. Adding $300 million . . . could support 30-50 new centers and almost 19,000 additional full person-years of training.
- "Adding $1.5 billion to the Job Training Partnership Act would serve up to 500,000 additional youth—those with the most severe deficits. The JTPA currently serves about 463,000 youths, estimated to be only five percent of the eligible youth population."

Back in the 19th century, Benjamin Disraeli eloquently exposed the injustice of England's "two nations"—the rich and the poor, those born to wealth and privilege and those doomed to labor in poverty and obscurity. We've made remarkable strides in our society in eliminating the barriers of class and race. But *The Forgotten Half* argues that if we persist in offering only one road to academic and economic success we'll have our own updated "two nations"—the educated and the uneducated, with the same social injustices that existed 100 years ago. The report reminds us that our highest priority has to be to make our nation whole.

A free single copy of *The Forgotten Half* is available from the William T. Grant Foundation Commission on Youth, 1001 Connecticut Ave., NW, Suite 301, Washington, D.C., 20036-5541.

HOWARD M. METZENBAUM
OHIO

COMMITTEES:
ENERGY AND NATURAL RESOURCES
JUDICIARY
LABOR AND HUMAN RESOURCES
SELECT COMMITTEE ON INTELLIGENCE

United States Senate
WASHINGTON, DC 20510

Statement of Senator Howard M. Metzenbaum on Youth Employment before the Employment and Productivity Subcommittee

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Mr. Chairman--I want to commend you and the members of this subcommittee for convening this hearing on the critical problem of youth employment and the need to improve our current efforts to ease the transition from the classroom to the workplace. The key element in our efforts to compete in the highly technical, global economy is a skilled, productive workforce. Today's students are tomorrow's workers and we are in danger of losing a significant portion of those workers because we are not providing them with adequate skills or opportunities.

As you know, I am particularly concerned with the plight of teenagers and young adults who are poor, unskilled, out-of-school and with little or no work experience. There is no safety net for these young people and they are no longer in the mainstream of our society. We are losing an increasing number of these young people to life on the streets--to drugs, to crime, to alcohol, to hopelessness.

That is why I introduced the Youth Employment Services Act--the "YES Act"--to target services and necessary resources to this population of severely disadvantaged young people. The YES Act represents an important first step in the battle to reclaim these young people to help give them a chance to become productive members of our society. This subcommittee already has held hearings on the YES Act and I look forward to bringing that bill to the full committee soon.

The subject of today's hearing is broader than the particular goals of the YES Act because it focuses on both in-school and out-of-school youth. But the core problem is still the same--there is a widening gap between the skills possessed by our young people and the skills necessary to survive in the workplace. We have to close that gap. If our young people are not ready to enter the workforce, we are not only cheating them, but we are hurting our economy for years to come.

This is one of the most challenging problems facing Congress. There is no simple answer, though one thing is clear--we need a strong commitment from government, business, labor and community and education leaders to work together to address this problem. I am encouraged by the participation of the business community in today's hearing. I am committed to helping these young people and I am eager to work with all interested parties to insure that the next generation of American workers are ready to do the job.

Senator SIMON. Our first witness is the distinguished former Commissioner of Education for this Nation, Harold Howe, II, better-known as "Doc Howe" by a great many of us who have had the chance to work with him. It is a real pleasure to welcome him. He is the W.T. Grant Commission Chair and Senior Lecturer of the Graduate School of Education at Harvard.

It is great to have you with us. My note says you are accompanied by Dr. Samuel Halperin, and I see Sam Halperin here, so we ought to ask him to join you at the table. It is a pleasure to have you with us.

I might mention to Dr. Howe and to any other witnesses that we would like you if you can to condense your comments into roughly five minutes so we can get into questions and answers.

STATEMENT OF DR. HAROLD HOWE II, W.T. GRANT COMMISSION CHAIR AND SENIOR LECTURER, GRADUATE SCHOOL OF EDUCATION, HARVARD UNIVERSITY, CAMBRIDGE, MA, ACCOMPANIED BY DR. SAMUEL HALPERIN

Dr. HOWE. Thank you very much, Mr. Chairman. It is good to be here.

I, as you say, have been chairing this William T. Grant Foundation Commission on Work, Family and Citizenship. Just to make sure you know what that Commission is up to, it is the crowd that prepared that publication you referred to called "The Forgotten Half".

We are in midstream on a study of American youth. We will come up with another report about next November, addressing youth in the community and youth in the family in the United States. So we are about halfway through our work.

First, let me say that I sent you some testimony, and rather than read that, I will just make a few remarks and ask you to put that in the record.

Senator SIMON. Yes. We will enter the full testimony, not only yours, but of the other witnesses here today, in the record.

Dr. HOWE. Let me make a couple of general observations, and then we can get into an exchange of ideas.

The way we have worked with this group is to try to find out what is known about youth in America and particularly about their transition to work, in this first report we have issued—what is known from good research, what is known from responsible experimentation that has been evaluated. We have not done new research. We have tried to find out whether enough is known to suggest that more things can be done on the basis of the knowledge we already have. That is the nature of our exercise.

I would simply like to mention very briefly a few of our findings. First, and I think probably most important, is the fact that the economic status of people who are 18 to 24 years old in the United States has steadily deteriorated since the early 1970s. I don't care what category you use, whether it is their average salary in real dollars, whether it is the extend of employment, whether it is the degree of unemployment, whether it is the quality of the jobs they have, whether it is the kind of jobs that have some health insurance and other things connected to them or don't have those things--whatever measure you use, this group of people in American society is a lot worse off today than they were in 1973.

There has been a regular erosion over that period of time. More than that, there seems to be a process of continuing erosion. It isn't a phenomenon that we think is over with; it is going onward.

Now, taking that, if you will, as a fact, we have several observations about efforts to do something about it. One is that the school reform movement in the United States, which has been fairly well in the headlines for the last five or six years, has not taken this set of circumstances head-on. It has been interested in dropouts, it has been interested in making youngsters more successful in school, but a great deal of the reform that has been suggested in that school reform movement applies more to the kids who are going to college than the kids who are not. And the programs that this country has had to serve the kids who aren't going to college and who come, many of them, from poor families, have eroded during that period.

So that we find the situation in schools adapting themselves to better service of this group of young people is one that needs serious attention and is not getting it.

Another general observation is that if you walk around the country as we have and look at experiments that are going on today, you find a very interesting set of activities which we have called the "second chance education" movement—that is, people who have left school, usually as dropouts, sometimes as people who have finished high school but haven't learned anything there. And there is a lot of activity of, I would say, a disorganized kind in the sense that it is not systematic from State to State or across the country, that offers youngsters the chance to improve their learning skills and to upgrade their job skills and get into the job market in some constructive way.

Of course, there is Federal legislation that leads in that direction. It serves a limited number of the people who need to be served.

We think that whole question of "second chance" efforts on behalf of kids needs a big move forward and a more systematic kind of treatment than it is getting.

Then, we simply call attention to the fact that there are a number of successful national programs that have been proved successful by valid research. Among them are the Head Start Program; the Chapter I Program, with which most school people are familiar; the Job Corps; the JTPA enterprise has many elements of success, but in our view needs some changes. And we think that rather than trying to start initiatives on behalf of this group of young people with serious troubles, to start new things, we think it would be a better idea to begin by using the old things that we know how to do and do well. Most of those things I listed can be maybe changed in minor ways but need more than anything else additional funding. For example, Head Start has, I think, if I recall the numbers correctly, about 18 or 20 percent service to eligible students, and it is a very productive enterprise.

We have made suggestions in this document that reach into changes the business world might institute, changes that communities might institute, changes that States might institute. I won't try to go into detail on those matters.

So I would just simply toss out these three or four major points as a way to get us started.

[The prepared statement of Dr. Howe follows:]

- Testimony of Harold Howe II, April 27, 1988
- Before the U. S. Senate Subcommittee on Employment and Productivity of the Committee on Labor and Human Resources
- Senator Paul Simon of Illinois, Chairman

Mr. Chairman:

I am currently chairing the William T. Grant Foundation Commission on Work, Family and Citizenship, a group appointed by the Foundation's trustees in October 1986 to study youth in the United States. In appearing before you today, I speak on behalf of a group of nineteen Americans from both major political parties and residing in twelve states. We come from diverse experiences and backgrounds, including the worlds of business and finance, public service, religion, university administration and scholarship, organized labor, social science, philanthropy, medicine, education, and the law. Attached to my testimony you will find a paper with the heading "Major Conclusions." Its final page lists the members of the Commission and its staff.

In January of 1988 our Commission issued a report entitled, The Forgotten Half: Non-College Youth in America: An Interim Report on the School to Work Transition. This report calls attention to the approximately 20 million 16-24 year-old who are not likely to embark upon a college education.

They finish their formal education when they leave high school, with or without a diploma. Yet, they, too, aspire to succeed, to find a niche in the workplace where they can make a living, raise a family, and earn respect in the community.

These young people face a series of high hurdles in their search for a rewarding career. Lacking a college credential, they are increasingly locked out of most high-salaried occupations.

The 50 percent of young Americans who go to work after high school rather than enter advanced education are short-changed by both public policy and private initiatives as they try to establish themselves in our economic system. On average they flounder for from four to six years in low-paying jobs without career opportunities. They tend to miss out on health insurance and other benefits and to receive inadequate earnings to start a family or even to live independently.

Moreover, stable, well-paying jobs which do not require advanced training are rapidly disappearing. Between 1979 and 1985, the United States suffered a net loss of 1.7 million manufacturing jobs. A fast-changing economy has produced millions of new jobs in the service and retail sectors, but with wages at only half the level of a typical manufacturing job. Fields such as transportation, communications, utilities, government, and agriculture once offered steady employment to millions of young high school graduates, but no longer to the same degree. The plight of the "forgotten half," never easy, has become alarming. This nation may face a future divided not along lines of race or geography, but rather of education. A highly competitive, technological economy can offer prosperity to those with advanced skills, while the trend for those with less education is to scramble for unsteady, part-time, low-paying jobs.

Non-college youth need help in moving from school to a career, help that is often not available. Taxpayers, private donors, and parents gladly pay their share of the more than $10,000 per year cost of sending a student to college. They point with pride to their colleges and universities and voice their support for this public and private spending as an investment in the future. But for non-college bound youth, no such spirit of pride spurs an equal investment in their future. For the most part, these young people are left to make it on their own.

The right changes in education can make schools more successful than they are for disadvantaged youth; a system of "added chance" education is needed for dropouts, built upon successful demonstration projects that already exists; and youth corps activities can be expanded based on models that work. Mentoring relationships for young people can encourage them to succeed by filling gaps in their lives left by both parents working or by the growing number of single parent families. Successful federal programs should be expanded to include more of the children and youth they have been shown to serve effectively. It is long past the time that Head Start's budget should limit it to less than twenty percent of eligible children with poverty backgrounds.

If all these initiatives and many others spelled out in our Interim Report were launched today, the job prospects for young American high school graduates would improve to some extent. But many high school graduates with good records would still face low earnings and jobs without a future. Some would be unemployed. The culprit would be neither the youth themselves nor the schools that serve them, but rather the job market they confront.

Our economy has been through some wrenching changes in the last 15 or 20 years, and young workers have borne the brunt of them. These changes have lowered the wages and redistributed work opportunities. The evidence suggests that the assertions of our current school reform movement are overblown when it argues that if young people would only succeed in school, their economic futures would be promising. Consider the following points:

* In 1986 less than 4 out of 10 male high school graduates under 20 found employment in stable, high wage occupations as compared to nearly 6 in 10 in 1968.

* Manufacturing employment for males under 20 fell by half from 44 percent to 22 percent between 1973 and 1986.

* Jobs for young workers today tend to be in the service sector of the economy and pay about half the real wages of the jobs lost to them in manufacturing.

* Between 1973 and 1986, the real earnings of all young males fell by an average of 25.8 percent. Some subgroups, like black dropouts, earned 60 percent less in inflation-adjusted dollars than their counterparts 13 years earlier.

Our Interim Report recommends concrete actions to communities, families, employers, and governments for better service to America's youth. Sustained attention to a number of goals is required from parents, employers, trade unions, educators, churches, youth-serving agencies, community leaders and local, state, and national authorities:

1. Helping Americans understand the needs of youth.

2. Offering better-paid jobs with a clear path of promotion to more youth substantially earlier in their working lives.

3. Making schools and other sources of learning more flexible, both in the ways they teach and in their organizational patterns, while preserving a challenging core of common learning.

4. Taking advantage of the extensive knowledge we now have of model programs that motivate young people and encourage school success.

5. Expanding opportunities for youth to serve their community, with sponsorship from local, state, and private sources.

6. Emphasizing the need of youth for supportive adult relationships in the teen years.

7. Enlisting the balanced participation of all potential sources of public and private funding to accomplish this, adding at least #5 billion in each of the next ten years to expand successful federal programs, along with the tax provisions to pay for it.

In our work we have touched upon the widely trumpeted aberrations of youth -- delinquency, drugs, dropping out of schools, irresponsibility about sex, teen suicide. While agreeing that all of these behaviors require attention, we see them more as symptoms of frustration with the job market, of the decline in rewarding contacts with adults, of change in the attitudes and habits of parents, and a variety of other circumstances.

Our overall stance about American youth is optimistic. A large proportion succeed in becoming mature and responsible adults. We think that a generally negative view of youth is unwarranted and overindulged in by too many adults, so that it inhibits communication between adults and youth. At the same time, there are significant problems that must be faced if such optimism is to remain alive. The main task in that endeavor is a dual one of opening job opportunities for youth while youth prepares itself for better work. These two efforts must go hand in hand if we are to enter the next century as a society that truly works.

Mr. Chairman, you already have copies of the Forgotten Half. We would like to ask your permission to submit to your Committee additional materials for its record that are relevant to your inquiry. We will issue in the fall of 1988 another report on the situation of youth in their families and communities, and we shall provide you with that study as soon as it is available.

Thanks for the opportunity to appear here. I would be glad to answer any questions from members of the Committee.

YOUTH AND AMERICA'S FUTURE
THE WILLIAM T. GRANT FOUNDATION
COMMISSION ON WORK, FAMILY AND CITIZENSHIP

Chairperson
Harold Howe II
Harvard Graduate School of Education

MAJOR CONCLUSIONS OF THE FORGOTTEN HALF: NON-COLLEGE YOUTH IN AMERICA

The 19-member Commission on **Youth and America's Future** concludes that:

o Today's youth are not a generation on the skids. Most are making it, even though the economic tide is flowing against them. They are staying in school longer, and fewer are dropping out before completing high school. Most are working, at least part-time. Fewer girls are having babies in their teens, and drug use, though still high, is down from what it was in the 1970s.

o Few young people can find full-time jobs with wages high enough to support a family. Young males ages 20-24 who had high school diplomas and jobs in 1986 earned 28 percent less than the comparable group of youth in 1973. The income decline for high school drop-outs during the same period was even worse -- 42 percent in constant dollars. Only 43.7 percent of young males had incomes in 1985 high enough to support a family of three above the poverty level.

o The many "school reform" reports of the 1980s have often recommended more of the same for all students. Though all young people can benefit from a challenging program, not all learn best through books and lectures. Young people learn in different ways, and the Commission urges schools to offer more flexibility in the ways and places that students are taught.

o The barriers between school and work must be eliminated. Young people who will not attend college need to be exposed to various occupations so they can learn about work and about themselves. High schools need to forge links with business and government to give youth a careful look at

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the work world.

- Schools should encourage "dropping in" as well as trying to prevent "dropping out." Many young people realize the value of school only after they leave, and school officials need to welcome them back to continue their formal schooling. Many states may need to change their education laws and practices to re-enroll students who are over age 18.
- Business leaders need to give young people who are out of high school the opportunity to show they can do responsible and challenging work. The age of adolescence and supposed immaturity has been creeping upward, to the particular detriment of the 18 year-old who wants to begin a career.
- Government and community institutions need to offer a variety of "added chance" programs for youth who are out of school and out of work. The 20 year-old who needs more training and help in finding work should be just as entitled to assistance as the 20 year-old who is enrolled in a publicly-funded college or university.
- Many programs of job training and adult education have been shown to be effective and are worthy of expansion. The last two decades have seen much trial and error as well as a few false starts in job training. The Commission believes it is time to use our considerable knowledge and experience to build job training and placement opportunities that serve all youth who need them.
- A greater investment is needed in basic learning for disadvantaged children. Recent studies have confirmed that early school failure often leads to trouble in later years, while other studies of educational spending have shown that the earlier the investment, the higher the pay-off.
- The federal government should carry its fair share of these investments

in the future. The Commission recommends increasing annual expenditures on proven federal programs by a minimum of $5 billion in each of the next ten years, paid for by tax increases if necessary.

Single copies of the full report are available without charge from: **Youth and America's Future**, 1001 Connecticut Ave., NW, Suite 301, Washington, D.C. 20036-

COMMISSION MEMBERS

Harold Howe II, Chairperson
Senior Lecturer, Graduate School of Education, Harvard University, Cambridge, MA

Byllye Y. Avery
Executive Director, National Black Women's Health Project, Atlanta, GA

Mary Jo Bane
Professor of Public Policy, John F. Kennedy School of Government, Harvard University, Cambridge, MA

Lewis H. Butler
President, California Tomorrow, San Francisco, CA

Fletcher L. Byrom
Chairman and CEO (Retired), Koppers Company, Carefree, AZ

Hillary Rodham Clinton
The Governor's Mansion, Partner, The Rose Law Firm, Little Rock, AR

Barbara J. Easterling
Executive Vice President, Communications Workers of America, Washington, D.C.

Josué M. González
President of the Board, Latino Institute; Director, Bureau of Resource Development, Chicago Public Schools, Chicago, IL

Albert H. Hastorf
Professor of Psychology, Stanford University, Stanford, CA

Rev. Theodore M. Hesburgh, C.S.C.
President (Emeritus), University of Notre Dame, Notre Dame, IN

David W. Hornbeck
Maryland State Superintendent of Schools, Baltimore, MD

Douglas X. Patiño
President and CEO, Marin Community Foundation, Larkspur, CA

Michael V. Reagen
Director, Missouri Department of Social Services, Jefferson City, MO

Henry W. Riecken
Professor of Behavioral Sciences, (Emeritus), School of Medicine, University of Pennsylvania, Philadelphia, PA

Kenneth S. Rolland
Managing Director, Chemical Bank, New York, NY

Bernard C. Watson
President and CEO, William Penn Foundation, Philadelphia, PA

William Julius Wilson
Professor of Sociology and Public Policy, University of Chicago, Chicago, IL

Daniel Yankelovich
Chairman, Daniel Yankelovich Group, New York, NY

Robert J. Haggerty, M.D. (ex-officio)
President, William T. Grant Foundation, New York, NY

COMMISSION STAFF

Samuel Halperin
Study Director

Atelia Melaville
Research Associate

Arlette Taylor
Executive Assistant

Commission Office: 1001 Connecticut Avenue, N.W. Suite 301 Washington, D.C. 20036-5541

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Senator SIMON. I thank you very, very much.

How does the population shift that we are expected to experience in this country going to impact on all of this? We are going to have growth in the over-65 population; some people suggest, a problem in having enough workers before too long. I am not sure that that is accurate for a variety of reasons. But have you looked at the population shift as you prepared your study?

Dr. HOWE. We have looked at it, but not in major depth. I would make a couple of observations about it. One is that there are going to be fewer 18 year-olds appearing for a period of about ten years; therefore, some possibility of scarcity is an element in the situation.

The second is, as an offsetting matter, there are going to be more women continuing to go to work, taking what jobs are available. That is a long-term trend; it hasn't completely reached its peak, and it is going to continue.

Thirdly, a lot of those older people that you are talking about are now finding their way back into the kinds of jobs that a lot of these 18 year-olds are starting out in. And among those things, you have a balancing act in which, to some extent, the effects of a smaller youth group won't be quite as strong as you might expect. So those who are betting on a smaller labor pool, I think, may be in for a disappointment.

Senator SIMON. You say in your statement here: "The right changes in education can make schools more successful than they are for disadvantaged youth." Now, all of a sudden, Harold Howe becomes the principal of Carbondale High School in Carbondale, Illinois. What would you do?

Dr. HOWE. I have been to Carbondale. I would make major changes in all the routines and the organizational aspects of the school as well as its expectations of individual students.

I would change the time schedule; I would change the organization of classes; I would get rid of many of the tracking programs that are——

Senator SIMON. As you go along—when you say you would change the time schedule, I don't have any idea what you are talking about.

Dr. HOWE. What I am talking about is not necessarily extending the school year, but I am saying that the frenetic pace of the typical high school that, every 50 minutes, reorganizes itself and takes 10 minutes to do so, is something that needs to be done away with.

I think we need two-hours blocks of time inside a high school. I think we need the kind of relationships between teachers and students that can occur in two-hour blocks of time and simply don't occur in 45-minute periods. I would change class sizes—and that will be expensive in Carbondale—but I think it is worth doing, particularly for disadvantaged youngsters who do need highly-individualized attention.

I would seek ways to connect many of these youngsters at least in the last two years of high school with jobs and have them part-time working and part-time in high school. And I would try to get businesses to cooperate with me about that. In fact, I would try to revive in Carbondale a tradition that was around this country years ago, but isn't here much now, which is the apprenticeship system, a system in which kids are on jobs, learning job skills, learning routines that fit any kind of work, but also having academic learnings that relate to what they are doing on the job. And I would build a program for youngsters that was of that general nature.

Those kinds of things, I doubt you would find in very large numbers there right now.

Senator SIMON. And if suddenly today, you were the Secretary of Education—and I am willing to make the trade, incidentally—but if you were Secretary of Education today and you were to recommend to this Committee what the Federal Government should do to encourage reaching that forgotten half, what do we do?

Dr. HOWE. Well, in that unlikely event, I would first of all pick up some of these items that I mentioned a moment ago that are Federal initiatives, but that really allow a lot of options at the State and local level.

I would try to do something about augmenting the Head Start Program. I would try to do something about augmenting the Chapter I Program. And in fact, with the Chapter I Program, I would want to add elements that push it into high schools where it is not much present.

I think in addition to that, I would try to build some common sense into the bilingual education program, which is being tossed around as a political football throughout this country.

There was a report that just came out from another group about immigrant children in the United States. It comes out for what it calls "English-Plus"—not a bad concept around which to try to regroup the thinking of people on bilingual education. That "English-Plus" says first of all these youngsters coming from other countries of course have to learn English; but if we try to teach them English by jamming it into their heads and saying their own languages and their own cultures are no good, that's not the way to motivate them. They need the accompanying interest in their own language and in their own cultures, and the bilingual program needs to be brought along in that sense. So I would do those kinds of things.

I would probably seek some new inventions in the way of moving the group we are talking about here, the non-college group, into more opportunities for advanced education. The figures you gave at the opening of this hearing were essentially figures that were saying if you want a good job in this country, you may have to have more than a high school education.

So I believe that door has to be opened wider than the Congress has already opened it, and there has been considerable progress over 20 years on that front. But I think we would have to make some new inventions about opportunities to take after high school education.

Senator SIMON. And then, finally, in your conclusion statement that you have attached to your other statement, you say schools should encourage "dropping in" as well as trying to prevent dropping out. Are you suggesting following people who have dropped out and recruiting them, or what specifically are you talking about here?

Dr. HOWE. Let me go back to that "second chance" idea I was talking about. If you look around the land at the second chance opportunities there are, they are typically not in schools; they are in other places.

It seems to me high time that the people who are conducting successfully some second chance opportunities in alternative schools, in JTPA-sponsored enterprises, need to be in closer communication with people in the schools. The schools are extremely rigid organizations. We need to break down that rigidity and have them design programs that are what kids need, rather than what the schools think the kids ought to do because that's the way it has always been. I think we can therefore make schools more flexible and move programs of a different kind into schools on behalf of disadvantaged kids.

Senator SIMON. Dr. Halperin, you are not a witness here, but you have been an observer for a long time. Is there anything you want to add?

Dr. HALPERIN. Yes, Senator. I am the Study Director of the Commission that Doc Howe chairs. I would like to call attention to a couple of points in our report.

I think the basic thing we need to do with regard to schools is to change the notion that everybody learns in the same way, that everybody learns through a lockstep, and that everybody goes on to SATs and college.

We don't take sufficient cognizance of the fact that people learn in different ways. So our Commission, looking at the evidence, recommended at page 34 of our full report that we believe all young people have the capacity to learn; all young people have the capacity to learn. What they learn should be commonly challenging. But how they learn and where they learn and when they learn should vary in accordance with what works.

That is why the Commission puts a very high premium on experiential programs like cooperative education, like work-study, like internship programs, like programs that mix in-school with employer-based learning. We need to do more of those things and recognize that not everybody is the same, but that everybody can be successful.

We do encourage going on to post-secondary education. It is interesting to note that this country, through Federal programs, through State programs, through philanthropy, provides something like $9,100 per year on the average for every young man and young woman in our Nation's colleges.

We don't provide 10 percent of that for the non-college young people of this country. And we need to even-up a little bit more than we have today opportunities for young people who are late bloomers, who perhaps made a mistake, dropped out, are on welfare or are unemployed, to go back at some later time in their lives and get as a matter of right the public subsidies that we provide to the kids going to college. That may mean a JTPA slot; it may mean entrance into a conservation corps, and these conservation corps are springing up all over the country in many States, many localities; it may mean a slot in the Job Corps. It may mean some opportunity to grow and develop at a later stage of life than we now think of.

We have a notion in this country that if you are good material, you go to college, and if you are bum material, you go to work—if you can find a job.

The last point, Senator, is that the economic data that Doc Howe referred to earlier really needs to be studied by all of us. We have had tremendous changes in this country. In this election, people are asking: Are you better off than you were eight years ago? And it is true that we have created many, many jobs in this country. We are the marvel of the world. But those jobs for young people are worse than they used to be. They do not permit decent family life; they do not permit young people to have children, to have dignity. They are part-time jobs, they don't have benefits, and they are very unstable.

Some of the tables on pages 21, 22 and 23 of the full report are really, I think, eye-openers for many of us and ought to be studied by this Committee and your colleagues, sir.

Thank you.

Senator SIMON. I thank you.

We thank both of you for your testimony and much more important than that, for your leadership.

Thank you very, very much.

Dr. HOWE. Thank you, Senator.

Senator SIMON. We now have a panel, composed of Margaret Dwyer, Cynthia Shelton, William Spring, and Erik Payne Butler. We are very happy to have all of you with us.

Margaret Dwyer is the Executive Director of Indiana Partners in Education, the only State to have financed this kind of program, and we are very pleased to have you here and to have the opportunity to hear from you.

STATEMENTS OF MARGARET M. DWYER, EXECUTIVE DIRECTOR, INDIANA PARTNERS IN EDUCATION, INDIANAPOLIS, IN; WILLIAM SPRING, VICE PRESIDENT, FEDERAL RESERVE BANK OF BOSTON, AND MEMBER, BOSTON COMPACT BOARD OF DIRECTORS, BOSTON, MA; CYNTHIA SHELTON, PRIVATE INITIATIVES IN PUBLIC SCHOOLS, SEATTLE PUBLIC SCHOOLS, SEATTLE, WA; AND ERIK PAYNE BUTLER, DIRECTOR, CENTER FOR HUMAN RESOURCES, BRANDEIS UNIVERSITY, WALTHAM, MA

Ms. DWYER. Thank you, Senator Simon. I will certainly try to stay within my five minutes. There is an awful lot to talk about.

Good afternoon. I would also like to say good afternoon to all the young people who are with us today. I think it is outstanding that they come in and hear what we have to say about their futures.

I would like to present two brief examples of partnerships which illustrate programs for at-risk youth who typically do not complete or continue their education and provide recommendations on experiences that partnerships can provide. These examples are from the Indiana Partners in Education Program, a project of the Indiana Economic Development Council.

The first example is Goshen, Indiana, which has as its critical issue to reduce dropouts and to promote re-entry into education. This is a partnership between the K through 12 educational institutions, higher education, business and social service agencies in Elkhart County.

Now, the master plan. They provide at-risk students with business and community mentors who will broaden students' vision and clear possibilities.

They train students in the skills of career/life planning through business, education and higher education teaming.

They provide remediation in reading and mathematics through peer tutoring, parents and college students.

And they care for the social service needs through a social service network provided by the partnership.

Now, the Goshen Partnership became operational in January of 1988—that is not very long ago—and is beginning to show outcome already. For example, all of the students, 100 percent of them, participating in the program have increased their attendance. All of the students have improved their grades, some of them in four or five subject areas.

Our second example is Starke County, Indiana. Since September 1987, three school systems, businesses, and the Kankakee Valley Job Training Program, have joined in partnership to counteract the economic downturn in industry and agriculture.

Besides that, 67 percent of the adult population over the age of 25 in Starke County do not have a high school diploma. This negatively influences the desire to complete or continue one's education. The objective of the partnership is to teach career/life planning skills to students and adults through a student production of videotapes.

Now, these tapes illustrate 56 types of careers and the employment skills and education necessary to function productively in these careers. A total of 500 students thus far in three high schools view the videos, with follow-up discussions and evaluations led by classroom teachers. The county-wide audience receives transmission of the videotape through local cable television companies. And the audience has a chance to respond with their reactions to the videos by calling a number listed on the screen at the end of each video.

Now, the outcomes to date with that partnership. Approximately one-quarter of the students evaluated say they will seek additional print information about careers. Over one-half will talk to knowledgeable adults about their career plans, and three-quarters have positively changed their attitudes, feelings and ideas about their careers.

Now some comments on what partnerships can provide and what kind of experiences they can provide to these targeted populations of at-risk youngsters.

First of all, a broader vision of life so that learners will see themselves as actively engaged in shaping their future, rather than being hapless victims; a career/life planning process rather than unrelated sets of experiences and information; and partnerships can provide an opportunity to interact with productive adults to break the cycle of low expectations, lack of self-esteem and the inability to direct one's future. The attitudes are often a family or a community problem, and all members must be positively influenced.

Partnerships can require high expectations for achievements and the need for students to be accountable for learning. This can be accomplished by having the students develop their learning objective, plan for it, implement that plan, and evaluate it. This provides the leadership, the problem-solving and decisionmaking skills that have been classified as necessary employability skills.

Partnerships can apply classroom instruction to real work situations where students can experience the culture of the workplace and can be measured by workplace standards.

My time has expired.

Senator **SIMON**. You have hit it right on the bottom, and I thank you very, very much.

Ms. **DWYER**. Thank you very much.

[The prepared statement of Ms. Dwyer follows:]

MARGARET DWYER

INDIANA PARTNERS IN EDUCATION PROGRAM

April 27, 1988

COMMITTEE ON LABOR AND HUMAN RESOURCES
SUB-COMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

YOUTH UNEMPLOYMENT AND NON-COLLEGE BOUND YOUTH

S.D. - 430 DIRKSEN SENATE OFFICE BUILDING
2:00 PM

WRITTEN TEXT OF TESTIMONY ON HOW PARTNERSHIPS CAN DEAL WITH EMPLOYMENT AND PRODUCTIVITY

GOOD AFTERNOON:

I'D LIKE TO PRESENT TWO BRIEF EXAMPLES OF PARTNERSHIPS WHICH ILLUSTRATE PROGRAMS FOR AT-RISK YOUTH WHO TYPICALLY DO NOT COMPLETE OR CONTINUE THEIR EDUCATION AND PROVIDE RECOMMENDATIONS ON EXPERIENCES PARTNERSHIP CAN PROVIDE.

THESE PARTNERSHIP EFFORTS WERE BEGUN BY THE INDIANA PARTNERS IN EDUCATION PROGRAM, A PROJECT OF THE INDIANA ECONOMIC DEVELOPMENT COUNCIL:

THE FIRST EXAMPLE IS GOSHEN, INDIANA WHICH HAS AS ITS CRITICAL ISSUE, TO REDUCE DROP OUTS AND TO PROMOTE RE-ENTRY INTO EDUCATION. THIS IS A PARTNERSHIP BETWEEN THE K-12 EDUCATIONAL INSTITUTIONS, HIGHER EDUCATION, BUSINESS AND SOCIAL SERVICES IN ELKHART COUNTY.

THE MASTER PLAN:

* PROVIDE AT-RISK STUDENTS WITH BUSINESS AND COMMUNITY MENTORS WHO WILL BROADEN STUDENTS VISION AND CAREER POSSIBILITIES.
* TRAIN STUDENTS IN THE SKILLS OF CAREER/LIFE PLANNING THROUGH BUSINESS, EDUCATION AND HIGHER EDUCATION TEAMING.

* PROVIDE REMEDIATION IN READING AND MATHEMATICS THROUGH PEER TUTORING, PARENTS AND COLLEGE STUDENTS.

* CARE FOR SOCIAL SERVICE NEEDS THROUGH A SOCIAL SERVICE NETWORK DEVELOPED BY THE PARTNERSHIP.

THE GOSHEN PARTNERSHIP BECAME OPERATIONAL IN JANUARY 1988 AND IS BEGINNING TO SHOW OUTCOME, FOR EXAMPLE:

A. ALL OF THE STUDENTS PARTICIPATING IN THE PROGRAM HAVE INCREASED THEIR ATTENDANCE.

B. ALL STUDENTS HAVE IMPROVED THEIR GRADES - SOME OF THEM IN 4 OR 5 SUBJECT AREAS.

THE SECOND EXAMPLE IS STARKE COUNTY, INDIANA. SINCE SEPTEMBER 1987, 3 SCHOOL SYSTEMS, BUSINESSES, AND THE KANKAKEE VALLEY JOB TRAINING PROGRAM HAVE JOINED IN PARTNERSHIP TO COUNTERACT THE ECONOMIC DOWN TURN IN INDUSTRY AND AGRICULTURE.

67% OF THE ADULT POPULATION OVER AGE 25 IN STARKE COUNTY DO NOT HAVE A HIGH SCHOOL DIPLOMA. THIS NEGATIVELY INFLUENCES THE DESIRE TO COMPLETE OR CONTINUE ONE'S EDUCATION. THE OBJECTIVE OF THE PARTNERSHIP IS TO TEACH CAREER/LIFE PLANNING SKILLS TO STUDENTS AND ADULTS THROUGH A STUDENT PRODUCTION OF VIDEO TAPES. THESE TAPES ILLUSTRATE 56 TYPES OF CAREERS AND THE EMPLOYMENT SKILLS AND EDUCATION NECESSARY TO FUNCTION PRODUCTIVELY IN THESE CAREERS.

A TOTAL OF 500 STUDENTS IN 3 HIGH SCHOOLS VIEW THE VIDEOS WITH FOLLOW-UP DISCUSSION AND EVALUATION LEAD BY CLASSROOM TEACHERS. THE COUNTY WIDE AUDIENCE RECEIVES TRANSMISSION OF THE VIDEO TAPE THROUGH THE LOCAL CABLE TELEVISION CO. THE AUDIENCE HAS A CHANCE TO RESPOND WITH THEIR REACTIONS TO THE VIDEOS BY CALLING A NUMBER LISTED ON THE SCREEN AT THE END OF EACH VIDEO. THE LOCAL RADIO STATION PROVIDES A DISC JOCKEY TO CRITIQUE THE INTERVIEWS AND RUN 8-10 RADIO SPOTS

PER DAY, ONE WEEK PRIOR TO THE SHOWING.

OUTCOMES TO DATE: APPROXIMATELY ONE QUARTER OF THE STUDENTS EVALUATED SAY THEY WILL SEEK ADDITIONAL PRINT INFORMATION ABOUT CAREERS. OVER ONE HALF WILL TALK TO KNOWLEDGEABLE ADULTS ABOUT THEIR CAREER PLANS AND THREE QUARTERS HAVE POSITIVELY CHANGED THEIR ATTITUDES, FEELINGS AND IDEAS ABOUT THEIR CAREERS.

THE INDIANA PARTNERS IN EDUCATION PROGRAMS MISSION IS TO DEVELOP PARTNERSHIPS AMONG BUSINESS, EDUCATION AND COMMUNITY INTERESTS SO THAT THEY CAN COLLABORATE ON CRITICAL ISSUES THAT IMPACT THEIR FUTURE, PARTICULARLY AS IT RELATES TO ECONOMIC DEVELOPMENT.

THE FOLLOWING ECONOMIC TRENDS ARE ALREADY HAVING AN IMPACT ON OUR COMMUNITIES AND WILL CHANGE THE WAY WE LEARN AND WORK IN THE FUTURE.

* INDIANA HAS AN AGING WORKFORCE. THE WORKFORCE OF THE FUTURE WILL BE MORE DISADVANTAGED AND LESS EDUCATED.

* INDIANA'S FUTURE HOLDS A SHIFT AWAY FROM STANDARDIZED PRODUCTION TO CUSTOMIZED PRODUCTION. IT REQUIRES THAT PRODUCTION TO BE FLEXIBLE AND CUSTOMIZED WITH ITS MARKETS BEING SMALLER AND MORE VOLATILE.

* ITS MARKETPLACE WILL BE GLOBALIZED. THERE WILL BE INTERNATIONAL INVESTMENTS AND INTERNATIONAL JOINT VENTURES.

* BUSINESSES WILL BE LESS BUREAUCRATIC AND SMALLER.

* THERE WILL BE A SHIFT OF EMPLOYMENT FROM LARGE COMPANIES TO SMALLER COMPANIES AND TO SERVICE SECTOR POSITIONS.

THESE TRENDS AND DEMOGRAPHICS ARE THE RATIONALE BEHIND THE STATE PARTNERSHIP PROGRAM TARGETS. THOSE TARGETS ARE:

- TO PREVENT DROP-OUTS AND TO PROMOTE RE-ENTRY INTO EDUCATION.
- TO PROMOTE MORE POST-SECONDARY EDUCATION AND TRAINING.
- TO DEVELOP AND IMPLEMENT CURRICULA FOR THE FUTURE.
- TO PROVIDE FOR ADULT TRAINING AND EDUCATION.
- TO INCREASE EMPLOYABILITY SKILLS AND CAREER/LIFE PLANNING SKILLS.

PARTNERSHIPS CAN PROVIDE THE FOLLOWING EXPERIENCES FOR THE TARGET POPULATION:

1. A BROADER VISION OF LIFE SO THAT THE LEARNER WILL SEE THEMSELVES AS ACTIVELY ENGAGED IN SHAPING THEIR FUTURE RATHER THAN BEING HAPLESS VICTIMS OF IT.
2. A CAREER/LIFE PLANNING PROCESS, RATHER THAN AN UNRELATED SET OF EXPERIENCES AND INFORMATION. THIS PROCESS IS A SET OF SKILLS ONE CAN USE THROUGHOUT ONE'S LIFE, VERY MUCH LIKE THE OUT PLACEMENT SKILLS USED BY BUSINESS.

3. AN OPPORTUNITY TO INTERACT WITH PRODUCTIVE ADULTS TO BREAK THE CYCLE OF LOW EXPECTATIONS, LACK OF SELF-ESTEEM AND INABILITY TO DIRECT ONE'S FUTURE. THESE ATTITUDES ARE OFTEN A FAMILY OR COMMUNITY PROBLEM AND ALL MEMBERS CAN BE POSITIVELY INFLUENCED BY THE PARTNERSHIP.
4. HIGH EXPECTATIONS FOR ACHIEVEMENT AND THE NEED FOR THE STUDENTS TO BE ACCOUNTABLE FOR THEIR LEARNING. THIS CAN BE ACCOMPLISHED BY HAVING THEM DEVELOP THEIR LEARNING OBJECTIVES, A PLAN FOR IT, PARTICIPATING AND IMPLEMENTING THAT PLAN AND EVALUATING IT. THIS PROVIDES THE LEADERSHIP, PROBLEM SOLVING AND DECISION MAKING SKILLS THAT HAVE BEEN CLASSIFIED AS NECESSARY EMPLOYABILITY SKILLS.
5. AN OPPORTUNITY TO APPLY CLASSROOM INSTRUCTION TO REAL WORK SITUATIONS WHERE STUDENTS EXPERIENCE THE CULTURE OF THE WORK PLACE AND CAN BE MEASURED BY WORK PLACE STANDARDS.

6. BUSINESS AND EDUCATION KNOW THAT THEY CAN EDUCATE AND TRAIN, REGARDLESS OF ABILITY LEVELS, ETHNIC, CULTURAL AND SOCIO-ECONOMIC BACKGROUNDS. OUR GREATEST DIS-SERVICE TO THE LEARNER IS TO CAST THEM IN THE LIGHT OF THE NON-LEARNER AND NOT HAVE HIGH EXPECTATIONS OF THEIR ABILITIES. BUSINESS CAN PROVIDE APPLICATION OF EDUCATIONAL THEORY. IT CAN PROVIDE A BROADER VISION OF LIFE AND THE USE OF KNOWLEDGE, NOT ONLY IN THE WORK PLACE BUT IN ONE'S PERSONAL LIFE. BUSINESS AND COMMUNITY INTERESTS CAN PROVIDE POSITIVE ADULT ROLE MODELS.

IN ORDER TO PROVIDE THESE EXPERIENCES PARTNERSHIPS MUST HAVE SUBSTANTIVE LEARNER OUTCOME, PARTICULARLY AS IT RELATES TO EMPLOYABILITY SKILLS. OUR RESEARCH AND EXPERIENCE HAS FOUND THE FOLLOWING IS NECESSARY:

1. THAT PARTNERSHIPS INCLUDE ALL ASPECTS OF THE COMMUNITY IN A LONG-TERM RELATIONSHIP WHICH WILL DEAL WITH MUTUAL CRITICAL

ISSUES THROUGH GOAL SETTING, PLANNING, RISK TAKING, JOINT IMPLEMENTATION, MONITORING AND EVALUATION. EDUCATION SHOULD NOT BE SETTING THE AGENDA BY ITSELF.

2. EACH PARTNERSHIP MUST BE FREE TO DEVELOP ITS OWN PROJECTS BASED UPON OBJECTIVES THAT RELATE TO THE COMMUNITY PARTNERSHIP GOALS.

3. THE LEARNER, WHETHER IT BE ADULT OR STUDENT, MUST BE ACTIVELY INVOLVED IN THE PLANNING PROCESS, THE DESIGN, IMPLEMENTATION AND THE EVALUATION, RATHER THAN SIMPLY BE THE BENEFICIARIES - WE HAVE FOUND THAT THE EMPLOYABILITY SKILLS NEEDED NOW AND IN THE FUTURE - THOSE OF LEADERSHIP, ANALYSIS, PROBLEM SOLVING, DECISION MAKING, TAKING RESPONSIBILITY - ARE LEARNED THROUGH THE PRACTICE I HAVE JUST DESCRIBED.

4. PARTNERSHIPS MUST HAVE ACCOUNTABILITY FOR LEARNER OUTCOME, AND MUST BE MADE ACCOUNTABLE FOR OUTCOME THROUGH EXCELLENT

MANAGEMENT, STRUCTURE, ORGANIZATION AND COMMUNICATION/ EVALUATION SYSTEMS.

5. PARTNERSHIPS MUST RECOGNIZE THEIR ABILITY TO PROVIDE FOR LEARNING STYLES, PSYCHOLOGICAL AND PHYSIOLOGICAL DEVELOPMENT AS WELL AS SOCIAL AND ECONOMIC CIRCUMSTANCES AND MOTIVATORS.

IN SUMMARY, OUR EXPERIENCE CONSISTENTLY SHOWS THAT PARTNERSHIPS ACCOUNTABLE FOR LEARNER OUTCOME WITH A HIGH DEGREE OF MANAGEMENT ORGANIZATION, SIGNIFICANTLY IMPACTS LEARNING EXPERIENCES FOR ALL STUDENTS. THE IMPACT OF THIS INTERACTION IS MOST DRAMATIC WITH THE AT-RISK, NON-COLLEGE BOUND STUDENT.

Senator SIMON. Our next witness is William Spring, who is Vice President of the Federal Reserve Bank of Boston and who helped to create or design the Boston Compact, as I understand it.

Mr. SPRING. Yes, Senator.

Senator SIMON. We are very happy to have you with us, Mr. Spring.

Mr. SPRING. Mr. Chairman, let me begin by saying what a personal pleasure it is to testify before this Committee, where I served for so many years with Senator Gaylord Nelson, putting together public service employment and CETA and JTPA legislation. It is a Committee of which I am very fond and which I think has made some substantial contribution to the country. Staff people never lack for credit. If you ask them, they will give themselves full credit, and why Senators will give it away, too, why not; it provided for me and my friends an opportunity to make a contribution to this country which is almost unparalleled. It is really a wonderful place to work, and I am glad to see you as Chairman.

Senator SIMON. Well, we thank you for that contribution. And I would add that your former boss, Gaylord Nelson, was one who really contributed a great deal to this Nation.

Mr. SPRING. And still does, with the Wilderness Society.

I am going to speak just very briefly. I want to make a few simple points. In Boston where the public school system is decisively poor—about 60 percent live in public housing or are on other kind of public support—the chances of getting a job after graduation, if you are black, are better than getting a job after graduation if you are white, for the rest of the country.

This is based on a Bureau of Labor Statistics national study in 1985 and a study of all graduates which we conduct in Boston each year in October after graduation. We reach over 80 percent of our graduates, so we know what happens to them.

If you would turn to page 2 in my testimony, there is a chart which compares the BLS numbers with the Boston numbers. The story is very simple. For the country as a whole, for black high school graduates—these are people who have stayed the course, as it were, and graduated, and we think they are not at-risk—only 28 out of 100 have jobs in October after graduation. Across the country, about 52 percent of whites have jobs. In Boston, 60 percent of the young black people, 60 out of 100 black young people are working, and 62 out of 100 white people are working.

For those of us who have labored with this problem of very sharp black/white differentials over the years, these are really encouraging numbers.

Why?

In Boston, as you probably know, since 1982 there has been collaboration between the Mayor and Superintendent of Schools, the business community as a whole, organized universities and colleges, and even labor unions, each of whom has signed an agreement among themselves to set measurable goals for progress.

The key element, of course, is the schools, and as Doc has described it, it is a very tough proposition which we are only beginning to focus on, how to provide quality education to kids who can learn, but have not been learning in traditional methods.

The business community contribution has been to say if kids are going to be asked to work harder in school, the least we can do is try to organize job opportunities on graduation.

Why is the labor market so tough for black graduates? The best job developers are parents, mothers and fathers, who can call on their friends and colleagues at work and secure jobs for their young people. If you are either white or black in Boston, living in the projects in Charlestown or South Boston or Roxbury, your parents cannot make those connections. And labor markets, like any market, depend on accurate information on both sides. In the labor market with very poor young kids on one side and employing officers on the other, you have very negative reciprocal stereotypes on both sides—not the best way for a market. You have not just ignorance but negative stereotypes.

What we have done in Boston is built a bridge between school and work, which has the following elements. First, it provides a sequence of private sector employment opportunities so that young people will get summer jobs, part-time jobs after school, and as Doc suggested, integrated with their school work, and then interviews upon graduation.

The numbers are very impressive. Over 700 firms in Boston are participating in this business-wide community organization of the demand side, and we have 3,000 summer jobs for our school population—roughly 12,000 in high school—and last fall, over 1,000 young people got jobs in the private sector averaging over $6 an hour for beginning work. Very, very few of these jobs were in fast food; most of these jobs were in banks and insurance companies, where there is potential for upward mobility.

The Compact is very like British or Germany systems in which the private sector and the government collaborate on a system-wide scale to solve the problem of school-to-work transition.

Bill Kolberg is here and Mr. Ziska from Miami. Many other cities are trying to replicate the basic pattern of the Compact. I would recommend to this Committee in thinking about how we can make a decisive different to capitalize, as it were, on the willingness of the private sector in this country to play a significant role in assuring the transition from school to work.

Thank you.

Senator SIMON. I thank you very, very much.

[The prepared statement of Mr. Spring, with an attachment, follows:]

Testimony for delivery before the
Subcommittee on Employment and Productivity
Senator Paul Simon, Chairman
April 27, 1988

by
William Spring
Vice President
District Community Affairs
Federal Reserve Bank of Boston

The Boston Compact Careers Service: Building a Bridge Between School and Work

Let me begin, Mr. Chairman, by thanking you for this opportunity to speak on the Boston Compact and its bridge between school and work. Since 1963 I have been working on issues relating to education and training, as a staff member for former Senator Gaylord Nelson of Wisconsin in his office and on this Subcommittee, with the Teacher Corps in the then Office of Education, and on the Domestic Policy Staff in President Carter's White House.

Now I serve as District Community Affairs officer at the Federal Reserve Bank of Boston. My responsibilities include the area of encouraging banks to help meet the credit needs of low and moderate-income neighborhoods. However, Mr. Frank Morris, president of the Bank, is also very interested in the role that education and training play in the city and regional economy. When he was chairman of the Council that coordinated Boston's school-business partnerships, I served as the organization's president. And, again, when he was chairman of the Boston Private Industry Council, I served as president. Both organizations played a role in the development of the Boston Compact.

Although I work for the Federal Reserve System, I want to state clearly that I am here today at the invitation of the Committee to speak about what we have been doing in Boston and its relevance to the dilemmas of so-called "hardcore" youth unemployment. My views in no way represent those of the Federal Reserve System or the Federal Reserve Bank of Boston.

It has been our experience in Boston that the education and labor market institutions serving all young people who do not go on to full-time education immediately after their high school years are not adequate. In Boston, and across the country that means well over half of our young people. While we spend substantial amounts of money on each person who gets into college - some estimates range as high as $4,000 per student per year, we spend next to nothing on those going directly into the labor force. If we are to make extra efforts on behalf of those who are facing the greatest difficulties pay off, we must first build a system that helps all.

The Boston Compact

The Boston Compact's purpose is to improve the quality of education in the city's public schools. To that end, school, city government, university, union and business leaders have signed agreements, committing themselves to attempting to make measurable progress in attendance, academic achievement in school, and success in finding jobs and in college. By far, the most important part of this effort is taking place within the schools. Mastering the basics, gaining confidence in one's ability to reason and learn, and understanding our democratic heritage are absolutely crucial. Partners can help schools with these fundemental efforts. But the responsiblity lies with teachers and educational leadership.

Employment of High School Graduates: The Factor of Race

An important factor in young people working hard in school is their perception of the payoff in the job market, and it is about the transition from school to work that I want to speak today. In 1985 the Bureau of Labor Statistics did a special analysis of the fate in the labor market of that year's June graduates. They found that white graduates faced a 14.6 percent unemployment rate in the October following graduation. Hispanic graduates faced 26 percent unemployment. Black unemployment among June graduates of high school stood at 50.1 percent. As you know, a person cannot be "unemployed" by the official definition unless they are first "in the labor force," that is, unless they have taken an active step to look for work in the past month. Young people are often discouraged by failure to find work and so, black youth labor participation rates are often very low. So it is helpful to look at employment as a proportion of the entire population when trying to understand youth unemployment. In the same BLS study, in the October following graduation for the class of 1985, the white employment/population ratio was 52 percent, and the black ratio was only 28 percent across the country.

In Boston, by contrast, after three years of building a public-private structure for school-to-work transition, the employment population ratio for white high school graduates of the class of 1985 was 62 percent, a full ten points above the national numbers. And the employment/population ratio for black graduates was 60 percent, only 2 points less.

Employment/Population Ratio's for Class of 1985
in the October following graduation

	U.S.A.	Boston
whites	52%	62%
hispanics	43%	54%
blacks	28%	60%

Remember, we are not talking here about "hardcore" black youth facing a 28 percent employment population ratio. We are talking about high school graduates. In our view, it is wise to build a system of school-to-work transition that helps all young people effectively while at the same time providing the additional assistance, especially educational assistance that those in deeper trouble require.

The Youth Labor Market

How can it be that the Compact can make such a dramatic difference? Let me try to answer that question by describing the nature of the youth labor market. Economists tell us that an ideal market is one in which both buyers and sellers have perfect information. Most middle class professionals work in a specialized job market where information is available, often on a national basis. If the Joint Economic Committee is looking for an economist with public policy experience, you would be no more than one hour and four phone calls away from getting solid information on any candidate. But the youth job market is not like that, especially the youth job market as seen by inner-city young people. Again, for middle class families, the parents are the best job developers. They use their contacts to line up opportunities for their children. But for inner-city young people, whose parents may be absent or on welfare, and in any case seldom have downtown contacts, where are they to turn? Even more serious than lack of accurate information on both sides of the youth market is the existence of strong negative stereotypes in the minds of both employers and of students. The Boston Compact's career service bridges that gap in information and contact, bringing inner-city young people into the employment offices of downtown firms where they are given serious consideration.

Measurement and Goal Setting

How is this being done in Boston? The first principle is one of measurement. As former Labor Secretary W. Willard Wirtz used to say, "we only do what we measure." Before the signing of the Compact the only information available on the practical results of education in Boston - whether young people got jobs or went on to college - came from a student questionnaire administered at graduation. As they handed in their math and social studies books, students were basically given three choices, did they plan to go to college, to work or to "other." Not surprisingly, about half checked college and half checked work. Whether those plans worked out or not, what the unemployment rate of graduates was, no one knew. Now, as part of the Boston Compact's commitment to keep track of the numbers, an annual survey of high school graduates is conducted in the fall. About 80 percent of the graduates are reached. And it is from this survey we have the information to match the BLS national data. Knowing in some detail what happens to graduates is crucial to measuring the effectiveness of our efforts. The information gained from the survey is of vital interest in Boston because it is through the survey that we measure how successful we have been in meeting our goals for employment.

The Career Specialists

The Survey is conducted by the school-based Career Specialists who are the backbone of the Boston school-to-work transition effort. There is a specialist working in each high school, full-time, year-round, with the responsiblity to provide information on jobs to the students, to coach them in interviews and resume methods, to develop jobs, arrange interviews and help them once they are employed. The career specialist is the face-to-face contact that bridges the gap between downtown employer and innner-city young person. The career specialist works on the payroll of the Boston Private Industry Council, but about half the cost is paid by the Boston Public Schools (through a contract with the BPIC), and the career specialists are jointly hired by the high school's headmaster and the PIC.

The Role of the Boston Private Industry Council

The Boston Private Industry Council, which includes on its board a number of the city's leading business figures and the Superintendent of Schools as well as representatives of community based organizations, city and state agencies and collges, was the place where the concepts behind the Compact were discussed in depth and over time.

The Careers Service

The career specialists are the operating arm of the program. The effort itself is made possible by the collaboration of school and business leaders. The commitment of Boston's private sector to "priority hiring" for Boston Public School graduates and to the organization of summer jobs and part-time employment opportunities after school made it possible to gain the participation of hundreds and hundreds of individual firms. Only with a very large number of firms acting in concert - to use the phrase of Boston PIC's founding chairman, William S. Edgerly - can it be hoped to make a system-wide difference.

The jobs side of the Compact began with a private sector summer jobs effort in the summer of 1981. The business leaders on the PIC committed themselves to recruiting 500 summer jobs for high school students in need of work and who had acceptable attendance. Over the years the summer jobs program has grown so that there are now more jobs organized through the Compact in the private sector than there are federally supported summer youth jobs in Boston. This past summer the city's business community found 3,010 jobs with 669 firms participating.

About one-third of those young people who have summer jobs stay on with the same firms in part-time positions after school hours during the year. These part-time jobs are very important because it is only through experience on the job that most young people learn about work discipline. Mastering work discipline is a developmental process that takes time. It is not, fundamentally, a matter of information but of habit. By the time they graduate many of Boston's public school students who are going directly into the working world have developed into dependable workers.

Boston firms who hire public high school graduates are asked to give them "priority" only in this sense: they are exempted from competition with all other job applicants. Firms are expected to hire only young people who meet their minimum requirements and who they judge able to do the work.

In 1987, Compact hires of graduates totaled 1,007 with an average wage of $6.18 an hour. Less than ten of these jobs were in retail food. Most were with large and middle sized firms where once hired a hard worker has a good chance to advance within the firm and to get financial help to continue their education at a college.

Origins of the Compact

Many of the concepts behind the Boston Compact were developed during the Carter administration as part of the work of Vice President Mondale's Task Force on Youth Employment. For nearly a year a team that included Department of Education and Department of Labor representatives gathered the experiences of people concerned with the education, training and employment challenges facing low-income youth. Roundtables at the local level - with business, school, employment and training and community leaders - and intense and prolonged discussions in Washington with research institute and university experts and staff from Congressional and interest group offices - and the carrot of $2 billion dollars of new money - resulted in the proposed Youth Act of 1980. The bill passed the House but not the Senate.

Key to the Youth Act was that school and employment experiences for low-income young people must be planned together with remedial educational efforts - developed by classroom teachers in the schools - linked to assured access to job opportunities for students who make the effort. It was proposed that individual high schools compete for federal remedial educational money, and that Private Industry Councils play a role in the consideration of both school and city employment agency plans.

Built into the competition for resources was the idea that both school and employment systems be held accountable for setting numerical goals and either meeting them or adjusting their programs so that progress be acheived. Meanwhile in Boston, Mayor Kevin H. White, re-elected in 1979, devoted much of his inaugural address to the subject of improving the access of minorities to opportunity in the reviving city economy as the next frontier in race relations. One of his proposals was that graduates of high schools - black and white - be guaranteed access to jobs. White also appointed William S. Edgerly, C.E.O. of the State Street Bank, to head the newly formed Boston Private Industry Council. Edgerly was a leader in the Committee for Economic Development's efforts to enlist business in the employment and training of the disadvantaged.

Edgerly drew to the board of the PIC the C.E.O.'s of the major bank and insurance companies in the city creating an organization that had the power to shape an agenda of collaboration between city government and the business community. With strong support from the Mayor and his employment and training agency the Boston PIC has been able to establish a number of innovative and promising programs.

However, it was the arrival at the school department in the summer of 1981 of Robert R. Spillane, the first superintendent of the Boston Public Schools to come from outside the state in memory, that began the year long series of discussions that led to the Compact. The PIC had already, in the summer of 1981, developed a successful summer job effort, with collaboration between businesses and their "partner" city high schools for recruitment of young people with decent attendance. And that fall the PIC launched in three high schools a pilot version of the Careers Service with help from the Edna McConnell Clark foundation.

The Youth Act had invisioned a youth employment effort largely in the public sector. In Boston, since there were no federal job creation dollars, the private sector would have to provide the jobs. The first interest of the business leaders, however, was in quality education and a quality workforce. They were concerned that to a substantial extent the future of Boston depended on the improvement of the city's schools. And so the outlines of a possible deal became plain: the business community might be able to provide jobs in return for the school systems promise of measurable improvement. Out of prolonged discussions at PIC board meetings and in many other settings the outlines of the Boston Compact emerged. From the beginning, concern about helping young people prepare for and attend college were part of the effort, and the universities played a major role in drafting the initial agreement which was signed in September of 1982.

European Youth Programs

The joint commitment of the Boston business and school communities to assisting in the transition from school-to-work, in assuming responsibility for the fate of the city's young people in the job market is a relatively new idea in this country. However, it is widely accepted in Europe. In Germany, for instance, dating back to the 19th century, young people not going on to universities are provided two or three years of paid apprenticeship, with a day a week at a vocational school, leading to a certificate of mastery that is quite seriously respected. About half of each age cohort goes through this "Dual Apprenticeship" system. And so, in Germany, rather than youth unemployment being highest, it is, in fact, very low. In Great Britain, the Thatcher Government, facing youth unemployment rates absent government intervention of nearly 50 percent, now provide two years of on-the-job training in private firms, with continuing classroom instruction, for all "school leavers" who apply.

School Improvement

Superintendent Laval Wilson's new Education Plan, approved by the School Committee last June, concentrates on basic reading and math skills and holds teachers and schools responsible for progress on attendance and achievement goals. Our hopes for improvement in the Boston schools are carried in that plan.

The commitment to improved education in Boston is now very wide. The community of colleges and universities have signed an agreement stating as a goal a substantial increase in attendance at college, and are working hard to help inform students about what courses they need to study, what financial aid is available and helping those who have gotten into college to stay there. Area Building Trades Unions have pledged a 5 percent per year increase in the number of young people going directly from high school into apprenticeships, and they have been as good as their word. And, through the Boston Plan for Excellence in Public Education, an educational fund, the private sector has contributed some $13 million for scholarship help, grants to teachers for innovative programs and other assistance to the schools.

But the problem of dropouts remains very serious with over 40 percent of each class leaving before graduation and with no educational forwarding address. For students who are two or more years behind in reading when they begin 9th grade, the promise of a job is by itself not enough: major educational assistance is required to keep them in school, or to help them continue learning an alternative setting if that is their choice.

In Boston Mayor Ray Flynn and Superintendent Wilson have begun a $2 million program with the stated goal of cutting our dropout rate in half and doubling the number of seats in alternative education.

On a pilot basis beginning at English and Dorchester high schools in 1984, the "Compact Venture" program has made a concentrated effort to help 9th graders who are two or more grades behind in reading. At these schools the drop-out rate for at-risk students in the Compact Venture program has averaged 12.6 percent over two years, a substantial improvement over the 19 percent dropout rate among at-risk young people in the same schools who were not in the program. The Compact Venture program is now operating in district high schools.

Many other cities have expressed interest in the Compact model. Seven are part of a National Alliance of Business (NAB) project attempting to construct their own versions of the effort. In each city the basic principles are the same:

The Mayor, school superintendent and business leadership have agreed to establish base line data and goals for measurable progress for students (the school's responsibility), for jobs (the responsiblity of the private sector) and for staffing a school-to-work transition program.

In describing to you some of the successes of the Boston Compact, I want to make a straightforward point: Organizing the labor market for young people who will begin their working lives immediately after their high school years can be done and it can make a substantial difference, assuring job opportunities for those who are prepared, whether through regular education or through our growing array of alternative programs. And that in the effort to organize the job market for youth, private sectors leaders are willing to play their part. Such an effort, however, needs to be made on behalf of all young people starting out in the job market, not just for those labelled "hardcore."

TABLE 1

School Enrollment and Labor Force Status of 1985 High School Graduates in the United States, October 1985

By Race and Hispanic Origin

	All 1985 Graduates	White	Black	Hispanic
All 1985 Graduates (000)	2,666	2,241	333	141
Unemployment Rate (%)	19.8	14.9	50.3	29.1
Employment/Population Ratio (%)	48.5	52.5	28.5	n.a.
Enrolled in College (000)	1,539	1,332	141	72
Percent of 1985 Graduates	57.7	59.4	42.3	51.1
Unemployment Rate (%)	13.2	11.0	n.a.	n.a.
Employment/Population Ratio (%)	38.5	41.4	n.a.	n.a.
Not Enrolled in College (000)	1,127	909	192	69
Percent of 1985 Graduates	42.3	40.6	57.7	48.9
Unemployment Rate (%)	24.6	18.1	55.1	n.a.
Employment/Population Ratio (%)	62.0	68.8	34.4	n.a.

n.a. not available. Data not shown where base is less than 75,000.

Note: Detail for the above groups will not add to totals because data for the "other races" group are not presented and Hispanics are included in both the white and the black population groups.

Source: Sharon R. Cohany, "What happened to the high school class of 1985?" *Monthly Labor Review*, October 1986, Table 1, p. 29.

TABLE 2

Boston Public High School Graduates, Class of 1985
Employment and School Status Compared to U.S. Graduates

	1985 Boston Graduates					Employment/Population Ratio		
		Surveyed	Percentage of Those Surveyed			Boston Graduates	U.S. Graduates	Central Cities
	Total	October 1985	At School	School/Work	At Work	October 1985	October 1985	March 1986
Total	2,978	2,301	29	21	30	59	48	49
Black	1,437	1,125	25	19	41	60	28	34
White	913	721	29	21	41	62	52	62
Hispanic	323	239	30	22	32	54	43	40
Asian	283	207	51	34	13	47	n.a.	}32
Other	22	9	n.a.	n.a.	n.a.	n.a.	n.a.	

n.a. not available

Note: Comparisons of Boston and U.S. data for October 1985 are of limited usefulness because:
1) In the Boston Public Schools data the categories white, black and Hispanic do not overlap. In the October 1985 data for the United States, Hispanics are included in both the white and black population groups.

2) Boston data include those in the military (3 percent of the graduating class), while U.S. data are limited to the civilian noninstitutional labor force.

In U.S. data for March 1986 for 82 central cities the categories for whites, blacks, and Hispanics do not overlap.

Source: The Boston Private Industry Council, Inc., *The Class of 1985: A Follow-up Study*, November, 1985, Tables 1, 4 and 13. Sharon R. Cohany, "What happened to the high school class of 1985?" *Monthly Labor Review*, October 1986, Table 1, p. 29. Current Population Survey data for March 1986 as analyzed by Professor Andrew Sum, Center for Labor Market Studies, Northeastern University.

BOSTON COMPACT

Boston Demographics	Population	562,994
	White	70.0%
	Black	22.4%
	Other Minority	7.6%
School System '84-'85	Population	55,424
	White	27.4%
	Black	47.7%
	Asian	7.8%
	Hispanic	16.6%
	NA	0.5%
Organization	5 Districts: 4 Geographic Districts 1 District composed of Citywide Magnet Schools	
	Secondary Schools:	
	Exam Schools - 3 Magnet Schools - 5 District Schools - 9	

BOSTON COMPACT JOBS PROGRAMS

NUMBER OF BOSTON PUBLIC SCHOOL STUDENTS ENROLLED IN THE BOSTON SUMMER JOBS PROGRAM, 1982-1986

	Number Placed	Number of Companies	Average Wage Per Hour
1982	852	202	$ 3.86
1983	1,181	242	$ 4.00
1984	1,766	308	$ 4.14
1985	2,320	536	$ 4.55
1986	2,591	614	$ 4.94

Source: Boston Private Industry Council, 1987.

NUMBER OF BOSTON PUBLIC SCHOOL STUDENTS ENROLLED IN AFTER SCHOOL PART-TIME COMPACT JOBS PROGRAMS, 1982-86.

	Number Placed
1982	274
1983	504
1984	1,046
1985	1,106
1986	1,200

Source: Boston Private Industry Council, 1986.

NUMBER AND AVERAGE WAGE OF BOSTON PUBLIC SCHOOLGRADUATES HIRED FULL-TIME THROUGH THE COMPACT/ BOSTON PRIVATE INDUSTRY COUNCIL. 1983-86.

Class of 1983	415	$4.28
Class of 1984	607	$4.68
Class of 1985	823	$5.03
Class of 1986	967	$5.43

Source: Boston Private Industry Council, 1986.

COLLEGE AND UNIVERSITY ENROLLMENT PATTERNS OF BOSTON PUBLIC SCHOOL[1]

Enrollment

- 926 BPS graduates enrolled in the colleges in 1985.
- This was a 3% increase in BPS graduate enrollment from 1984.
- Among 11 private colleges BPS graduate enrollment declined 3.5% from 1984-1985.
- The percentage of non-whites in the cohorts has increased from 48% in 1984 to 65% in 1985.
- Blacks and Hispanics are enrolled at a lower rate than is their percentage of the BPS graduating classes.
- The percentage of black students increased in the public colleges but slightly decreased in the private colleges from 1984 to 1985.
- The feeder patterns between particular high schools and colleges have remained stable over the 3 years.

Retention

- In Cohort One (1983 freshmen) 81.6% enrolled in the spring of the first year, 58.6% enrolled in the spring of the second year, and 38.1 % enrolled in the spring of the third year.
- In Cohort Two (1984 freshmen) retention patterns are slightly higher with 88.8% enrolled in the spring of the first year and 61.4% enrolled in the spring of the second year.
- In Cohort Three (1985 freshmen) 83.0% enrolled in the spring of the first year, a lower rate than that of the previous year.
- Private colleges have slightly higher retention rates than public colleges.
- BPS exam school graduates have higher college retention rates than do non-exam school graduates.
- In each cohort financial aid has a strong association with retention at public colleges than at private colleges.
- Asian-Americans have the highest retention rates, whites the second, and blacks the third, with Hispanic rates unstable because of the small numbers enrolled.
- Financial aid is dramatically associated with black student retention; in the last two cohorts close to 90% of aided black students enrolled in the spring of the first year, compared to only 55% of black students without aid.

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[1] Langer, Peter. "Patterns of Enrollment: The College Enrollment and Retention of Boston Public School Graduates." The Fenway Retention Consortium, Simmons College, Boston, Mass., 1986. 16 Boston area colleges and universities ("colleges") provided data on graduates of Boston Public Schools ("BPS") who had enrolled as freshmen from 1983 to 1985. Retention refers to enrollment at the college of original entry.

BOSTON PUBLIC SCHOOL DROPOUT RATES

BOSTON PUBLIC SCHOOLS GRADUATING CLASS COHORTS
(CLASS OF 1982-CLASS OF 1985)
PERCENTAGE OF DROPOUTS BY GRADE (9-12)[1]

Class of	9th Grade	10th Grade	11th Grade	12th Grade	Total
1982	6.8%	12.3%	10.6%	12.3%	36.2%
1983	7.1%	9.9%	14.0%	13.4%	38.0%
1984	6.2%	12.4%	15.9%	17.8%	40.7%
1985	7.0%	15.0%	21.1%[2]	18.3%	43.6%

Source: Boston Public Schools, Office of Research and Development,
May 1985.

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[1] The Cohort analysis measures the high school dropout rate by following a class from the time the students enter the 9th grade through graduation, plus a 13th year (to include those not promoted at some point during high school), and calculates the dropout rate based on the activities of that particular class.

[2] Through April 24, 1986.

THE CUMULATIVE DROPOUT PERCENTAGE RATE BY RACE FOR BOSTON PUBLIC SCHOOLS' GRADUATING CLASSES 1982-1985

GRADUATING CLASS	TOTAL	BLACK	WHITE	ASIAN	HISPANIC
1985	43.0%	44.3%	42.1%	26.5%	51.9%
1984	40.7%	40.7%	39.7%	19.4%	48.2%
1983	38.0%	40.2%	36.4%	17.7%	41.0%
1982	36.2%	35.2%	37.1%	14.4%	42.6%

Source: Boston Public Schools, 1986

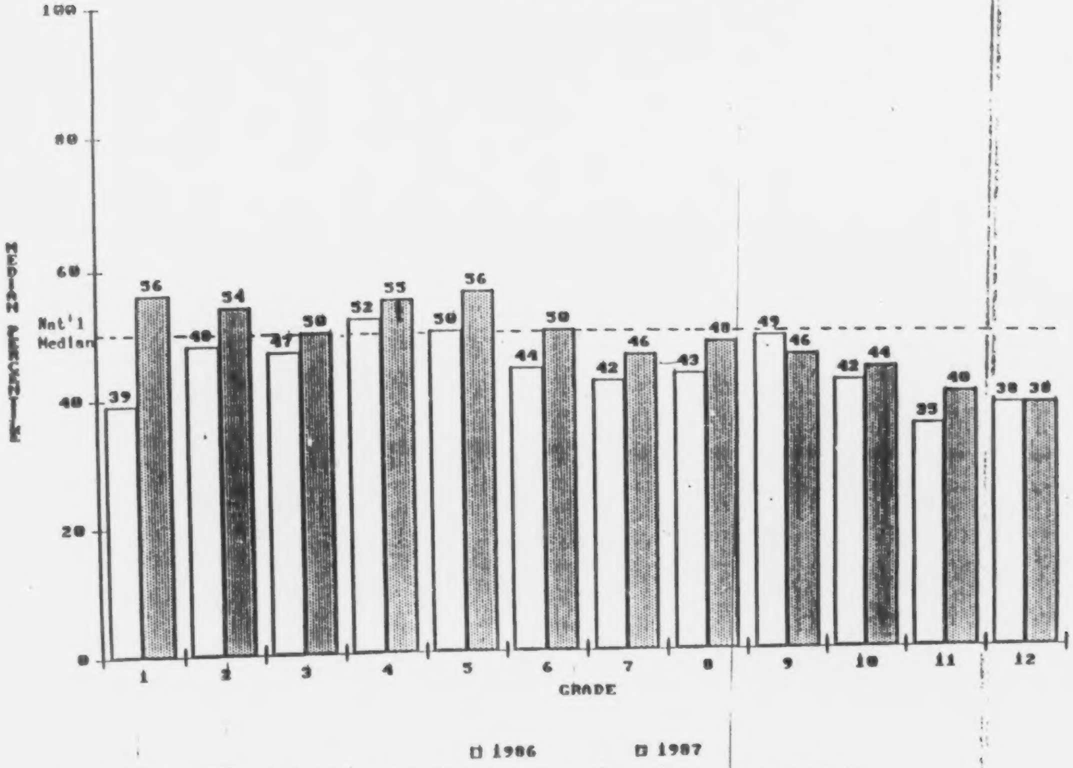
ACADEMIC ACHIEVEMENT

Exhibits 1 and 2 present the Metropolitan Achievement Reading and Math Scores of Boston Public School students, grades 1-12 for the years 1986 and 1987.

Exhibit 3 shows the 1987 Remediation needs in math and reading; The percentage of students scoring at or below the 40th percentile.

EXHIBIT 1

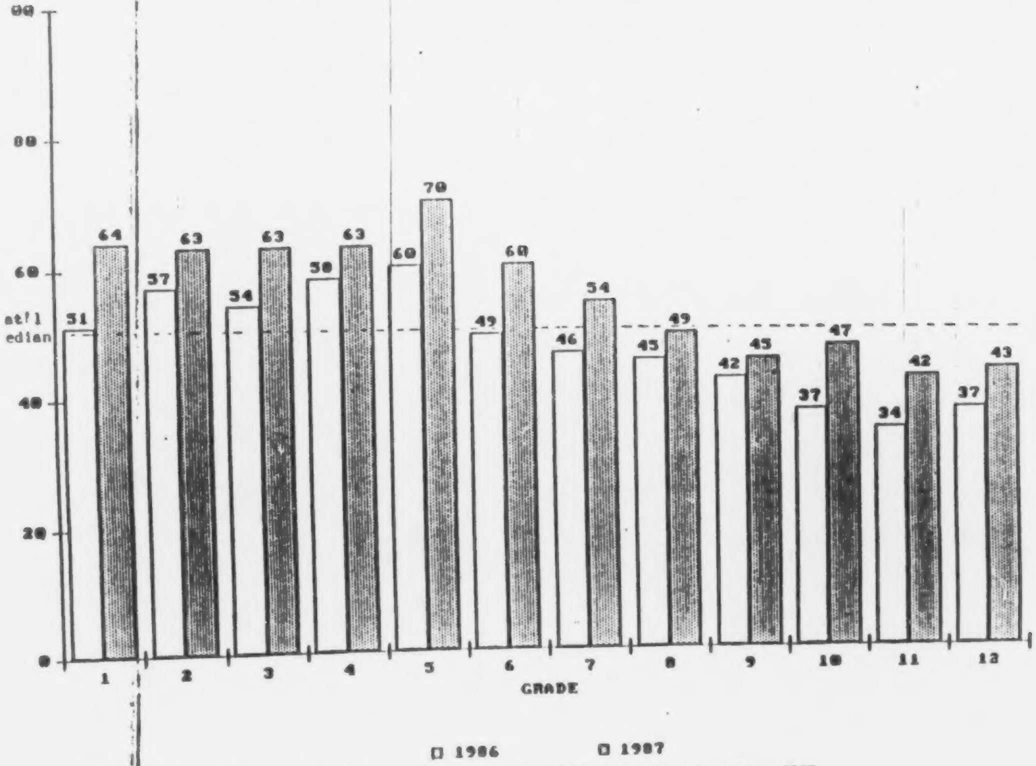
BOSTON PUBLIC SCHOOLS
METROPOLITAN READING SCORES:
1986 VERSUS 1987 MEDIAN PERCENTILES BY GRADE



Source: Office of Research and Development, Boston Public Schools, Mimeo, May 1987.

EXHIBIT 2

BOSTON PUBLIC SCHOOLS
METROPOLITAN MA EMATICS SCORES:
1986 VERSUS 1987 MEDIAN PERCENTILES BY GRADE



Source: Office of Research and Development, Boston Public Schools, Mimeo, May 1987.

Senator SIMON. Our next witness is Cynthia Shelton, with Private Initiatives in Public Education with the Seattle Public Schools. We are very happy to have you with us.

Ms. SHELTON. Thank you very much. It is a real pleasure to be here, and it is an honor to be asked to represent your community. Especially, it is an honor to be able to share things that you have learned.

Basically, I am here today to talk to you about a structure that has been in place in Seattle for eight years, and it has been started all over the country. It is called "partnerships".

Marge alluded to the outcome of partnerships, and I want to talk to you about the structure that must be in place in order to ensure the quality outcome that Marge is talking about as well as Bill Spring is talking about in the Boston Compact.

I wanted to give you a brief overview and history of what has been the response of communities over the years. In the last 30 years, we have had a real history of community involvement. There have been programs such as Junior Achievement and DECA, or Distributive Education, sharing professional resources with students. There has also been a strong emphasis on vocational educational models in schools to reach out to communities for learning experiences.

It has only been in the last 10 to 12 years that a new phenomenon has been started, which is actually called the partnership movement. It was called Adopt-A-School in a couple of the Southern States when they initiated this plan.

Most of the new cities that are involved in it are calling it "partnerships" because they see them as equal and reciprocal and both entering in with the professional skills to support learning.

As the partnership movement has taken off, what we are beginning to notice is that there is a proliferation of program development in communities, excited to be a part of this sharing people resources, learning with the students, but what happens is they lack a coordinated approach, and many of them overlap each other. And many of them, as Dr. Howe was responding, serve the same population, instead of looking at a continuum of all students and spacing out a linkage mechanism that takes students at different appropriate times and addresses all student needs. And that is a tremendous problem in these communities that get excited about developing programs but do not look at a process.

With that statement, I want to give you an example of what happens in partnerships. Usually, it has been identified that there are three stages to partnerships. And if I can, I would encourage you to help partnerships get to the third stage, the most important stage and the stage that I think you are seeing happening in Indiana and in Boston.

The first stage is called relationship-building, and that is a more add-on activity level; it doesn't take a lot of time, it doesn't take a lot of commitment from both the school and the company side, and it really feels good, and it helps each side learn about the other "culture".

The second stage is called cooperative involvement. By that time, you have developed advisory councils, you have involved parents, you have involved a broad range of teachers and students, who are sitting there, strategizing a little more in-depth involvement and addressing problems.

The third and most important stage for all of us to keep pushing our communities to move our partnerships is the collaborative stage. And it is that stage that I think Boston has begun to pilot and model across the country. It takes a lot more time. It is much more committed. It is getting companies to recognize that they have got to provide release time for employees in order to be able to produce the activities that Marge identified. It is getting schools to recognize that unless they come up with some funding for the person inside the building, then the programs just bounce off a brick wall; there is no way to actually implement these terrific, wonderful ideas; they just hit the brick wall.

I have given you a last page, and that is what is recommended or what is required in order to get to the collaborative stage for partnerships. The first thing is to form a collaboration of joint effort within your community. Bring your Mayor together, your superintendent together, your major CEO leaders, as well as the representative from the Private Industry Council. Let them come together in a compact formation to identify a critical need for that community that they will all address. When they do that, they begin to pool already existing funds; they don't even have to come up with new funds. It is dollars that are available within their own budgets. But again, instead of overlapping, they have come together in a collaborative approach.

Use those dollars, then, and challenge the partnerships to apply for dollars that can improve that partnership arrangement. If a school will form an advisory council with a partnership plan applying for those dollars, there are three ways we are saying they can use them—either just helping the advisory council on a working budget; a little more elaborate is providing one planning period in that building; the most elaborate is providing for one full-time community resource coordinator.

Again, it still, then, takes coordination of existing community programs and not letting them just come in willy-nilly.

I provided a book called "The Yellow Pages", which is a compilation of programs. Every community could do that. But unless they get those programs to work together, it is just a nice little directory.

Thank you.

Senator SIMON. Thank you very much.

[The prepared statement of Ms. Shelton follows:]

TESTIMONY OF

CYNTHIA WOOD SHELTON

Before The

SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

April 27, 1988

WHAT DOES SEATTLE'S PIPE DO?

- * As a non-profit community-based organization, Private Initiative in Public Education (PIPE) raises funds from the business community and school district to provide improved learning and working experiences.

- * The major element or most visible component of PIPE is the partnerships between individual schools and businesses. There are currently 82 partners (large and small companies, government departments, community colleges, associations, service clubs, and nursing homes) with 60 schools (high, middle, elementary and alternative).

- * Special programs have been designed and funded, as the need was perceived:
  - . Student Internships (Individual placements for students to learn and earn credit in a community setting)
  - . Community Site Seminars (Groups of students learning around curricular topics)
  - . Teacher Business-Based Sabbaticals (Salary shared by district and community employer)
  - . Principal Leaders (Links Principals with Sr. Executives)
  - . Mini-Grants for Curriculum Development ($500 grants used to assist classroom projects)
  - . Excellence in Education Awards (reconginzes outstanding teachers)
  - . Friends of PIPE Auction (Supports Individual School Accounts, Student Transportation Fund, and Mini-Grants for Teachers)

WHY ARE COMMUNITIES INVOLVED WITH PUBLIC EDUCATION?

- * To assure the availability and quality of an employee workforce for every employer.

- * To lessen the negative impact on the community from each student who does not succeed.

WHAT HAS BEEN THE TRADITIONAL COMMUNITY'S RESPONSE?

- A few community programs such as Jr. Achievement, DECA, Explorer Career Posts have been around for 15-30 years.

- Vocational education has been part of the school system for 20-30 years.

- Partnerships were started accross the country 10-12 years ago to equitably place resources in all schools and broadly share the community responsibility.

- As the awareness of public schools' needs increased, additional unique eductional assistance programs have been initiated in cities throughout the country. These programs often are developed without coordination with existing efforts. Many overlap and seldom do they collaborate to serve all students.

WHAT ARE THE CHALLENGES FACING PIPE TODAY?

- Partners are expressing concern regarding their lack of substantive involvement with their school and their interaction is often relegated to "add-on" activities. On the school side, these functions are sometimes interpreted as an imposition on the educators' ability to meet the core needs of their students.

- There are numerous community programs that provide learning experiences for students. The delivery of these programs would be benefitted if a coordinated aproach providing continuity for student learning were provided. Partners could more effectively utilize existing community programs, if they were linked in a relevant, non-overlaping system.

- The major part of high school curriculum and the majority of community programs are driven by college entrance requirements. According to the Department of Labor, approximately 80% of all jobs will not require a baccalaureate degree. We need to coordinate our community resource programs to prepare all students for broad work requirements and independent living skills.

- Research has clearly shown that both corporations and schools need shared leadership to actualize and sustain a vision. The Seattle School District, through Superintendent Kendrick is identifying a "new age" leadership model called School Focused Leadership, fomerly known as School Based Management. Participating in an effective School Focused Leadership structure will allow for partnership interaction, that goes beyond add-on activities.

WHAT IS REQUIRED?

I. FORM A COLLABORATIVE JOINT UMBRELLA

- A cooperative commitment to coordination of available resources by the School District, the city government, and the business community (PIPE, The Chamber, Economic Development Council, and Private Industry Council).

- Collaboration between these entities will require pooling of their funds to support the coordination and implementation Partnerships and special programs.

- A central clearinghouse/network for resource collection and dissemination of:
  - funds for Partnerships and special programs
  - people resource skills bank
  - surplused equipment
  - referral for community program options

- District supervision of all community programs through one central office.

II. CREATE AN EFFECTIVE PARTNERSHIP STRUCTURE THROUGH SCHOOL FOCUSED LEADERSHIP

- Partners need to be included in the School Focused Leadership structure. Participation would be with the school planning body, which includes the principal.

- Partners will identify their involvement in a Partnership Plan.

- Each Partnership will be eligible to submit their Partnership Plan to fund the coordination and implementation of their plan.

  Coordination options will include:
  - a working budget for the school planning body if they assume total responsibility
  - one planning period for a selected individual
  - a full-time Community Resource Coordinator position within the school

  Implementation options will include:
  - student transportation to community learning site
  - staff release time
  - staff development
  - materials/ equipment
  - functions that support the Partnership Plan's goals

III. UTILIZE EXISTING COMMUNITY PROGRAMS THROUGH THE PARTNERS

- All programs that allow students a community learning experience need to be coordinated by a central district department designated to supervise all community programs. A student experience card can help to provide continuity for student learning and collaboration to eliminate program overlap.

- A program fair, offered in the fall, will allow partners to choose individual programs in accordance with their Partnership Plan.

THE TWO COMPONENTS OF PIPE

I. Partnership Process

1. Each partner develops unique involvements as described in The Doable Dozen.

2. Partners facilitate existing community programs identified in The Yellow Pages.

II. Individual Programs

* Student Internships: offer 1.5 credits for 1 semester of learning and working in a community work place.

* Business Based Teacher Sabbaticals: places 3-5 teachers each year in a community site of their choice.

* Community Site Seminars: to date, four curriculur areas are being taught at busiess sites (Law, Media, Advanced Science, Creative Writing).

* Mini-Grants for Teachers: awards up to $500 to help teachers enrich or support creative ideas in their classes.

* Principal Management Training: currently in the planning stages for business executives to share management training techniques with their partnered principals.

PIPE FACT SHEET

- Private Initiatives in Public Education is the culmination of a vision shared by private citizens, Seattle Public Schools and The Greater Seattle Chamber of Commerce. In less than eight years PIPE is Performance Proven, and more vital than ever.
- PIPE was formed as a non-profit brokerage agency designed to channel business and community resources more equitably into the public schools. The process was started by partnering individual companies with the city's high schools.
- Partners act as "generalists" connecting a wide variety of their employees' professional, as well as personal talents with all the school's curriculum. Additionally, partners are the connector to many of their community contacts through service clubs, customers, clients etc; providing even broader resources for "their" school.
- PIPE Advisory Councils were formed at the school and consist of the partner coordinators, teachers and staff, parents, and students.
- Community Site Classes were developed for Media, Science, Law, and Creative Writing.
- The PIPE Student Internship program was initiated in 1984. 100 students each semester are learning in the community and receiving 1.5 credits.
- PIPE received a White House Private Sector Initiatives award in 1984 as a model U.S. partnership organization.
- The next year, PIPE Mini-Grants for Teachers were started through a grant from the Boeing Co. Fifteen additional companies have been recruited to donate funds which help enrich curriculum.
- The Friends of PIPE Auction was established in 1986 to help partners raise funds for their school, provide money for Mini-Grants and the Transportation Fund. The auction also features a traditional Parade of Partners.
- PIPE published the first handbook on Partner activities, The DoAble Dozen.
- Last year, Superintendent Kendrick challenged PIPE to partner all the schools. 34 schools were added, which doubled the number of schools to 61 with 90 business and community partners. (59 companies, 10 hospitals, 4 community colleges, 5 city departments, 4 federal departments, 8 service clubs)
- 1987-88 is a year of consolidation and development for all our new partners. Next year we will finish partnering the remaining 30 schools.

Senator SIMON. The final member of this panel is Erik Payne Butler, who is the Director of the Center for Human Resources at Brandeis University. We are happy to have you with us.

Mr. BUTLER. Senator, it is a pleasure to be here.

I will try to describe quickly a program which serves two themes, both of which I think are being identified in this hearing. The first is partnerships, and I will talk about both institutional and personal partnerships; and the second is traditionally non-college-bound kids. We are operating in 25 cities at the moment a program called Career Beginnings, which I would like to say the 25th program we just added, and it is in Chicago, with the help of Irving Harris and the Harris Foundation.

Senator SIMON. Good.

Mr. BUTLER. We work with colleges. Since 1986, we have worked through 24, now 25, colleges or consortia of colleges to identify disadvantaged young people—we call them tenacious high school juniors—in their eleventh grade year. We have worked now with 5,000 young people and 5,000 business or professional mentors who have volunteered to work with these young individuals.

We identify them in their junior year, work with them through their senior year graduation, and through their first year of either working or attending college. There is a combination, the details of which I won't bore you with, but of workshops, training, remedial education, and at the heart of it is this personal relationship developed between a mentor and a young person.

The results so far I think are rather remarkable. Our first 2,300 kids graduated last June, June 1987. Ninety-eight percent of the kids who began the program in their junior year graduated from high school; 63 percent of them enrolled in college, and as of a survey we conducted last month in their second semester, over 95 percent of those kids are still there.

That may not sound too remarkable, but let me tell you who these kids are. We call them tenacious kids. We describe them as being neither at the top nor at the bottom, but in the middle 60 percent of their high schools. They are 89 percent minority young people. All of them are urban. Seventy-five percent of them are officially poor. Over 50 percent of them are from single parent-headed households. Sixty percent of them are from families where no one has ever attended college before. Over half of them have never worked before. And 95 percent of the young black participants, which constitute 65 percent of all of them, had only worked in a JTPA summer program and held no other job.

They are behind educationally, but not that far. They are "C" students. They are operating at about the ninth grade level by the time they reach the eleventh grade. But our best estimates—and they are estimates—is that only between 30 and 40 percent of these young people would attend college if otherwise we left them alone. So a growth from 30 to 40 to 65 percent, one in three, roughly, to two in three, tell us that we are doing something right with the career beginnings program.

It is relatively cost-effective. We are spending over the course of two years about $1,500 per student, not counting the cases where students are subsidized, where they have subsidized summer jobs through JTPA; those costs would be additionally, but over the two-year period, about 1,500.

We ask ourselves what is making this work, and the answer is complicated, as usual, but the simplest version of it is that a variety of elements combine together to support this very personal partnership between a successful adult and an individual youth, disadvantaged, with all of those barriers that I recited quickly, seems to be the key. The opportunity to develop individual, personal partnerships and supported in turn by a partnership between a college, organized business community and individual businesspeople and the school system, with all the rules that Bill Spring and Marge Dwyer and Cynthia Shelton have learned about partnerships, seems to us to be the key.

We think every high school ought to have one, and every college ought to do on. And I have somewhat more elaborated recommendations, having to do with JTPA, in some cases, getting out of the way and in other cases, supporting, but I will leave those to the written testimony.

[The prepared statement of Mr. Butler follows:]

Testimony of Erik Payne Butler
before the
Senate Labor and Human Resources Committee
Subcommittee on Employment and Productivity
April 27, 1988

Mr. Chairman, my name is Erik Butler. I am Director of the Center for Human Resources, located at the Heller School, Brandeis University. I am pleased to be here in such good company to discuss options for improving the preparation of young people, especially disadvantaged young people, for productive and satisfying adult lives. I am honored to have participated with "Doc" Howe and the Grant Commission for Youth and America's Future and admire the fine publication we are here in part to discuss. Bill Spring and I worked together some years ago on the late, lamented Youth Act of 1980 and later in the development of the Boston Compact when he and I returned home early in 1981, so I am pleased to have joined the National Alliance of Business on the Advisory Committee for their replication of that remarkable effort.

I am here, however, to discuss another form of partnership effort, with a closely related but more specialized purpose. The Career Beginnings program began in 1986 with support from a consortium of foundations led by the Commonwealth Fund in New York City and including the MacArthur Foundation and the Gannett Foundation. In short form, Career Beginnings starts with the premise that there are young people -- "tenacious", we call them -- who are neither at the top nor the bottom of the school achievement scale, who are disadvantaged economically, socially and educationally, but who, with better preparation and some personal attention can elect college in greatly larger numbers and can enter the labor force with more confidence.

Career Beginnings locates these young people during their junior year in high school, and serves them up a menu for the next two years which includes a high quality summer job -- often in the private sector, but not always -- workshops and classes in career preparation, college preparation and applications, life planning, remedial education in the basic skills where warranted (and it most often is) and, last but not least, an adult mentor -- assigned one-to-one -- from the business or professional community. We speak of the mentor-student relationship as a personal partnership, and of Career Beginnings as a partnerhip among colleges, schools and business groups to support that crucial one-to-one relationship.

The program is located in colleges and universities and run by college staffs, including case managers assigned to keep track of all activities engaged in by each young person, including -- even especially -- those involving the mentors.

Career Beginnings is two years old, having operated in twenty-four colleges since the Spring of 1986. By now we have worked with 5,000 young people and a like number of adult mentors and are recruiting a third cohort of youngsters and mentors as we speak. We are planning to add new programs this year and next, funding permitting, and hope to have expanded to a network of 100 college-based Career Beginnings programs serving over 10,000 young people annually by 1991. These plans are built on our experience so far that Career Beginnings actually works.

How well does it work? In our first class of 2300 young people, more than 95% graduated high school and completed Career Beginnings, and over 63% enrolled in college last Fall. In a survey conducted just last month, we were pleased to learn that 95% of these youth in turn were still enrolled in college. Our best estimates, based on current data from other sources, suggest that similar students, not enrolled in Career Beginnings but simply going routinely through high school, would enroll in college at a rate more like 30-40% -- one in three, not nearly two in three! To test this assumption, the supporting foundations have sponsored a rigorous. random assignment-based evaluation of a sample of seven of our now twenty-five sites, looking at educational, employment and family formation outcomes for both Career Beginnings participants and a randomly-selected control group of equal size.

But while we wait for formal evaluation outcomes to be reported early in 1990, let me tell you about the young people involved to indicate why we have focused our resources on them.

First, these "tenacious" high school juniors have overcome significant odds to stay in school at all. They have achieved average grades and are neither in the top twenty percent nor the lowest twenty. But in high schools with 300:1 student/counselor ratios, it is the achievers or the troublemakers who attract attention; these young people are, by and large, overlooked by the system of supports designed to get graduates into college.

Second, these students come from generally disadvantaged backgrounds. More than eighty percent of Career Beginners, as we call them, are minority students, 65% black, 18% Hispanic and 8% Asian. All live in cities larger than 100,000. More than half are from families headed by a single parent, most are officially poor. Sixty percent are from families where neither parent attended college. Fewer than half had worked before Career Beginnings gave them a summer job; 95% of blacks who had worked had been in the JTPA Summer program; only 15% of whites had been in JTPA.

Finally, while these students are definitely behind the norm in school performance, they are not drastically so. Mean grade level for these eleventh graders is 9.2 in reading and 9.8 in math, both measured by the Stanford Test of Academic Skills. Below average in measured achievement, average in grade performance, there is nonetheless hope for improved performance, some reason to believe that concentrated attention on these students may yield fruitful results.

Career Beginnings has begun to show signs of such results. More young people who participate are graduating and attending college; just how many more awaits the formal research. The students who do start college appear to stay in larger numbers than economically disadvantaged students appear to stay without such supports. Much more is needed, and the Gannett Foundation has funded "Next Step", a pilot program in eight Career Beginnings sites to stay with young people on the job or in college for their first year after high school graduation. This is a modest intervention, and still more should be provided.

Notwithstanding its duration, Career Beginnings is nonetheless a relatively modest intervention, and cost effective. Not including summer wages, the average cost of the two-year program is just more than $1,500 per student. This included foundation contribution, school and college budget contribution, and local grants and contracts which make up the required matching funds for the foundation grants.

* * * * * * * * * * * *

Why is this program relevant to a discussion of non-college bound youth and of school-business partnerships? There are two simple replies. First, while I applaud the frank focus of the Grant Commission on the Forgotten Half, our experience with Career Beginnings suggests that there may be a substantial number among this group who with the right kind of attention can go to college, vocational training or other further education. We think they ought to be given this chance and further, that there are strategies that work -- Career Beginnings is just one, but it appears to be a good one. There is a niche, here, we think, for a strategy designed to convert non college-bound youth into college bound students. We are convinced that they are motivated, or can be, and capable, or can be. We need their best skills, they need our best education.

RECOMMENDATIONS

Programs like Career Beginnings are often made harder by unnecessary legislative barriers, often unintended effects of well-meaning safeguards. I recommend removing some of these, especially in the Job Training Partnership Act. Furthermore, positive incentives are often required to make good things possible, though never easy. I have several to suggest, both in JTPA and other policies. Herewith, briefly:

Recommendation 1: JTPA performance standards should be revised to permit (even encourage) college attendance as a desirable outcome for JTPA youth programs. The emphasis on entered employment rate can actually discourage programs from setting college attendence as a goal, and even competency attainment offers little incentive for programs to focus on college admission as an outcome. This year's modificatio of JTPA's performance standards do move in the right direction, but not far enough.

Recommendation 2: Current restrictions on the use of Title II-B (summer) funds during the school year should be eliminated, and year-round programs including summer work experience encouraged.

Recommendation 3: Specific legislative instructions should encourage longer programs where appropriate, especially where cost standards can be met.

Recommendation 4: Partnerships among colleges, businesses and public schools should be sponsored, encouraged, and funded by federal initiative.

Recommendation 5: Much more attention needs to be paid to the factors which discourage disadvantaged, especially minority students from remaining in college and completing degrees. If high school dropouts constitute the largest high risk pool among youth, dropping out of college must be nearly as high a priority. Factors like high, unaccustomed debt, fewer available grants and institutional racism all appear to be important, but not yet well understood.

Recommendation 6: Renewed initiatives should support innovation and experimentation as well as dissemination. We do not yet know with any confidence what works. The notion that the era of demonstration must be replaced by an era of implementation is simply wrongheaded. Problems evolve, and solutions must constantly be sought. When good programs emerge, they should be disseminated broadly, to be sure, but new designs will always be needed.

Recommendation 7: Lastly, the federal government needs to re-enter the arena in a more substantial way. Partnerships are indeed key. We who have been working at the local level to forge partnerships out of string and chewing gum need our old partner back. Both will be stronger for it.

Thank you.

Senator SIMON. I thank all of you.

If I may ask you, Mr. Butler, you talked about the 2,300 students you have helped, and it is a magnificent program. How do we reach beyond the 2,300? Obviously, 2,300 is a drop in the bucket nationally—and I don't mean that to denigrate in any way the good work you are doing—but how do we profit from your experience?

Mr. BUTLER. Well, we are planning ourselves to take the first steps towards that. We are now operating in 25 places, and our objective, funding sources willing, is to go to 100. But even at that rate, we would only be serving 10,000 students a year through this program.

I think there are opportunities through the Job Training Partnership Act system and through a variety of supports to colleges wondering what their role in life ought to be, who their new students are going to be in a changing demographic situation. I think there are going to be some opportunities to do something like Career Beginnings on a much larger scale.

I should say, when we began this program, we thought we were going to have a very hard sell to the business community to get individuals to offer as much time as career beginnings takes when it is done right. That has been the easiest sell we have had. There are people out there who, overwhelmed by all the big statistics, are perfectly anxious to help one youth, and the kind of forced marriage, mentoring, seems to work—and they are volunteers; we don't have to pay them. So I think that gives us some real opportunities to do this at scale.

Senator SIMON. But to what extent, if at all, do you use the faculty at Brandeis, since it is a Brandeis-sponsored effort? Is there any meshing at Brandeis with the students and the schools there?

Mr. BUTLER. That is a wonderful question. Brandeis is located in Waltham, Massachusetts, which is a town too small to have been eligible for the Career Beginnings Program, so we do not have one—we are currently building one. I think in the colleges participating elsewhere, a lot of the faculty members are serving as mentors and enjoying it. I would say one mentor in five, so probably 1,000 faculty members around the country are participating themselves as mentors.

Senator SIMON. But as I understand it, this program was initiated by Brandeis; is that correct?

Mr. BUTLER. That is correct.

Senator SIMON. And was this done as a public service idea with Brandeis, or student recruitment, or——

Mr. BUTLER. None of those things. The Center for Human Resources operates, in effect, as a manager intermediary, and we were approached—which doesn't happen very often—by the Commonwealth Fund in New York City who had experimented with this at Hunter College and said, "I wonder, if we could do this on a larger scale, would you folks at Brandeis be willing to take a crack at recruiting initially 10 cities?" And ultimately, it became 25 and hopefully more.

Senator SIMON. And as I look through your initiatives, I was going to say most of them are not Federally-related, but some are. There are areas where you would like to see the Federal Government, like on JTPA, modify its programs.

Mr. Butler. Yes.

Senator Simon. But if all of a sudden you were Chairman of this Subcommittee, and you were to say what do we recommend to my colleagues in the Full Committee, what——

Mr. Butler. I would take two first steps. First, I would sit down and look at some of the relatively technical ways in which, without committing a lot of new money, JTPA could be supportive of this kind of a program, which essentially tries to take kids not traditionally college-bound and turn them into college-bound kids.

I would look for some ways that JTPA could be a more active partner.

Secondly, I would sit down with my counterpart who is in charge of the allocation and policy toward higher education and figure out if we couldn't develop jointly an initiative to do this on a larger scale, because I think it will require more than simply JTPA. JTPA ought to be a partner, but it is not enough. The colleges have got to be partners.

Senator Simon. That intrigued me, because I used to chair the Higher Education Subcommittee over in the House, and we have found a meshing of the university and the public schools in need is not an easy mesh.

Mr. Butler. Absolutely not. It is relatively easier to do it at the local level than it is to do it in Washington or even at the State level. The States of Ohio and California are both currently considering large-scale adoptions of a Career Beginnings Program, and the most interesting conversations have been going on between the State Department of Public Instruction, committed to K to 12 institutions and the boards of higher education. Those are very tricky issues because we are dealing, as you know well, with the kind of overlap where traditionally there has been almost none. Colleges' attitudes have been, "Send them to us as freshman, and gee, we wish they were better prepared," and the high school attitudes have been, "Hey, June, senior year, we're done with them, and we hope you like them." And knitting those things together and creating what someone called a "bridge" is absolutely key.

Senator Simon. My staff tells me some of the others may wish to comment on that. Yes?

Ms. Dwyer. Senator Simon, the remark I'd like to make is to the JTPA legislation and how that might change. If you recall, one of my examples was Starke County, and we are using JTPA funds there for the partnership. Now, I think one of the things that could help tremendously is if those in Washington would speak to those persons on the local level who are running regional JTPA programs to find out how the legislation is fostering and supporting their efforts and how it is not and begin to look at some of the local problems that JTPA could be dealing with, but can't, because of regulations, or perhaps misunderstandings of how to deal with the regulations. So I think those are very important points.

We had a very adventuresome regional JTPA director, Linda Waleshansky, who took a great deal of initiative and time to work out those arrangements between three public school systems—and that itself is not easy—and JTPA regulations, and we are using that as a model within our State. So I think that is one of the ways to go is to look locally at how local arrangements have been dealt with and the configurations that need to occur. Again, the relationship-building that was just pointed out between higher education and K through 12 education, and then with business and with vocational schools, goes back to what Cynthia said about the relationship-building stage. There has got to be in that relationship something for everyone on the personal and on the corporate level as well, and it is up to the manager of the partnership to help that surface and help everyone understand what that is.

Senator SIMON. If I may just follow up with one other question, and I have some other questions here for the other panelists, I still don't quite understand. You use Brandeis University as a base.

Mr. BUTLER. That's right.

Senator SIMON. But otherwise, the university is not directly involved; it could be the Ford Foundation, or it could be the Federal Reserve Board or anyone else for the base.

Mr. BUTLER. Yes. Don't tell my dean I said that—but, yes.

Senator SIMON. All right. It does seem to me somehow—and I don't know how we do it, and I know for example at Stanford, they have put together a committee that works with the local schools—that we use the talent of the faculty there at Brandeis to mesh with the public schools, as you were mentioning.

Mr. Spring?

Mr. SPRING. Mr. Chairman, let me make a couple of suggestions. In Boston, some 26 area universities have gathered together through a president's committee concerned about improving the public schools. They have signed an agreement with the school system, trying to increase the number of young people from the school system who matriculate and are successful in going through those colleges. And a number of those institutions are working with Erik's Career Beginnings Program.

Your dilemma at this committee level is how do you frame national legislation which will effectively encourage action at the local level where you are dependent on the most aggressive and concerned local actors to shape the local program in a way that really works. It is a very tough question.

I would suggest that you might want to take a look at the Youth Act of 1980, when a number of us hammered through this problem after the Youth Employment and Demonstration Project Act had been out there a couple of years and came up with some ideas which might work.

The heart of the Youth Act of 1980 was that if the employment role of private sector and city and the school world would come up with a joint program, the Federal Government would fund both parts of it, in particular provide Title I or Chapter I remedial dollars for high school remediation, which has very little now, and in programs for kids 16 years and older, there were employment opportunities associated with improved educational opportunities.

I think that since dollars are so terribly short that the Committee would be wise to think in terms of ways in which Federal dollars could be used to leverage the kind of collaborative effort at the local level where local actors agree to set very specific goals and to measure how they are accomplishing them, and the Feds provide leverage to local money and the seed money to pay for intermediary institutions. For instance, in Boston on the job side, the key institution is a school-based job service, people who work on the Private Industry Council payroll. Raising the money to pay for that career service is very, very difficult. We began with foundation grant money. We persuaded the school committee to pay for half of it, which is a very rare thing for a school committee to appropriate money to the local PIC. Other pieces of the money come from JTPA and foundation grants, but it is a very difficult piece of the money to raise. It is not a lot in national terms, but the Feds could say if you will get your act together, if you will make system-wide commitments, we will then give some of the necessary glue money to help those commitments go forward, recognizing that the commitments will vary considerably from community to community, your requirement being that they state precisely what they are going to do and accurately measure their effectiveness in moving in that direction.

Senator SIMON. Ms. Shelton—and incidentally, Senator Brock Adams wanted to be here to personally welcome you. He is presiding over the Senate right now and asked that I extend his apologies.

As you describe your program, some schools would call it cooperative education, where there is a small amount of Federal funding. At Northeastern University, which two of the panel members would be familiar with, they have a very extensive cooperative education program. Are you at all familiar with the cooperative education program?

Ms. SHELTON. It exists in Seattle as one of the programs that a school curriculum implements. But we really don't even call PIPE a program anymore. We have gotten away from using the program title; it is a process. And it is a process that encourages the use of all these programs through one company and one community college with one high school.

So it is a structure, a mechanism, that is supporting all these programs that have already been designed.

Senator SIMON. And how can the Federal Government encourage more schools to do precisely what you are doing?

Ms. SHELTON. I think these models of linkages between whatever community resources exist and their schools happen in little, tiny towns as well as larger, urban districts. So it will take the Federal Government putting out examples, identifying success stories, talking about collaboration, doing something similar to what Bill was saying. Challenge grants—if the Federal Government were to provide challenge grants for localities to force their collaboration—and sometimes, collaboration takes an outside force. It is hard. You have to give up personal politics in order to come together and work. Otherwise, for example, a Mayor may have their own special little seed dollars that makes them look good in their own community, and if they want to use it themselves, then they can affect a few children, and if they come together in a collaborative manner, they can help a lot more. That is why you have to come from the outside sometimes and challenge communities to do it.

Senator SIMON. Mr. Spring, you mentioned your statistics on page 2, and I turn to them. What was striking was that there was relatively little change in employment figures of the Hispanic population on this chart. Is there any particular reason for that?

Mr. SPRING. We are actually in the most recent years doing slightly better on the Hispanic numbers than we have in the past, but the Hispanic dropout rate is a major challenge. There are overlays of language barriers, there are overlays of going back and forth to Puerto Rico that make it a real challenge. It is something which, in our seriously underfunded JTPA system, we are not able to do as much as we might.

We have been making a concerted effort in Boston since the black and white numbers are really fairly encouraging to work with Hispanic young people, but it is difficult, and I cannot say we have solved the problem. We haven't talked about the dropout problem in Boston, and one thing we have found in Boston in looking at the EDPA numbers is that providing a job alone is not enough to hold young people in school who are several grades behind. It is a particularly difficult problem when you get to be 16 or 17, and you have a language problem as well as a general education problem.

Senator SIMON. How did the Boston Compact Program get started? Was it one person with an idea, or how did it get launched?

Mr. SPRING. Marge was just saying how it is necessary for organizations to overcome focusing on their own organizational goals if you are going to make real progress. And I think we were fortunate in Boston in having leadership in a number of sectors who were committed to making something serious happen. Mayor Kevin White at that time, in his 1980 inaugural address, said Boston's prosperity has revived, it is not adequately shared by all members of the community, and one thing we ought to think about is organizing jobs for our kids in public schools to show that the larger community is concerned about them.

Business leadership, led by William S. Edgerly of the State Street Bank, the founding chairman of the Boston Private Industry Council, came to really understand the numbers that Doc Howe was talking about, that the structure of the entry-level labor force is changing abruptly and that in Boston, the future prosperity of the private sector depended significantly on the quality of public education.

And on the school side, Robert Spillane, who is now across the river here in Arlington, became superintendent of schools, was eager to work with the private sector. Again, as Doc Howe said, schools are often very closed corporations, sort of throwing numbers over the wall and hoping that they have broad public support. He was willing to be very open around the Private Industry Council table where the superintendent and the leaders of the business community and the city sat over a period of a year and a half trying to talk about how can we improve the school system, which is in desperate shape. There emerged a consensus about how these elements should be, the key idea, I think, being that the school system and the private sector and the university sector needed to be publicly measurable for reaching goals. And that idea of being publicly measurable for performance energized both the school system and the private sector and, I think, led to making a citywide commitment to improvement which otherwise would have been unattainable.

Senator SIMON. And Ms. Dwyer, how do you solicit the partnerships? Goshen, Indiana, I think, was one of the communities you mentioned. How do you reach into the business community there?

Ms. DWYER. I think, Senator Simon, I would like to answer that and incorporate that with another answer that I think might get us to where you might want to be. We use a process, as Cynthia indicated, a method, and it is a method that is very much like one that Bill uses and one that Career Beginnings used. We have all read each other's material, and you can see the same method in it. So that is a key thing I think we would like to leave with you if I might say that, is that besides leveraging funds that would work together on a national level, if you could also leverage within legislation that those common elements within our process, recipe, method, also would be there, too, because that would allow success.

Within that recipe, in our steps and principles—that is what we call it—we look first of all for common critical issues that business and education can look at together. We go in and ask them to look at their future together, which is a very scary thing in our State—you have heard our statistics. But we help them understand that that is a critical issue if they are indeed to deal with their future. Then we help them decide on how they would like to attack that future together, and set up goals and objectives. And then we provide them with the choice of using partnership as a mechanism to do that.

So we give them a reason for doing what they are doing, and that has not only business corporation understanding—in other words, it hits the bottom-line needs of business—but also the individual corporate persons who get involved.

For example, a senior member of a corporation might decide that he wants to leave a legacy at this time in his life. So a mentorship program, or being part of a mentorship program, would be an excellent way to do that. Or, a younger executive who wishes to climb the corporate ladder needs to have some management development training or experience. Being involved with a partnership and participating in training and developing young people is a role that all managers in the future have to face.

So those of us who are in those management development positions as far as developing and managing partnerships have to know those kinds of things. So that would be the first one or two steps that we would do.

Senator SIMON. We thank you all very, very much for your testimony and for all you are doing.

Ms. SHELTON. We appreciate your wanting to know this information.

Ms. DWYER. Thank you very much, Senator Simon.

Senator SIMON. We thank you.

Our final panel will be composed of Mr. William Kolberg and Mr. David Ziska.

Mr. Kolberg is not a stranger to these halls, and we are happy to have him back again as President of the National Alliance of Business, which does a tremendous amount of good.

STATEMENTS OF WILLIAM H. KOLBERG, PRESIDENT, NATIONAL ALLIANCE OF BUSINESS, WASHINGTON, DC, AND DAVID ZISKA, COMMUNITY RELATIONS MANAGER, IBM CORP., MIAMI, FL

Mr. KOLBERG. Mr. Chairman, it is my pleasure to be here. I appreciate those kind words.

I know you are familiar with the National Alliance of Business. We have spent 20 years working with the job training system in its various incarnations, most recently the Job Training Partnership System. You have heard this afternoon, Mr. Chairman, some themes that come out of that—number one, that over the years, we have spent something like two-thirds of our funds in JTPA and its predecessor systems on figuring out how to assist young people at risk. We call them disadvantaged. So two-thirds of 20 years' worth of experience has gone into trying to figure out how to do a better job. Right now, that amounts to over $2 billion, so I am particularly happy that your Committee has become very interested in now looking at business/education partnerships beyond JTPA.

Senator SIMON. I missed the $2 billion—what is that?

Mr. KOLBERG. These are rough figures, Senator, but right now, under JTPA, there is something like $3 to $3.5 billion a year appropriated. If you include the funds under Title II–A, which is about $1.8 billion to States, if you include the Summer Youth dollars, and if you include Job Corps, that amounts to about $2 billion. That is somewhat less than it has been in the past, but over the years about two-thirds of all the Federal funds have been spent on trying to serve and also trying to experiment how to best serve young people.

Secondly, you have heard about Private Industry Councils. My colleague here is one of 10,000 business people now serving on Private Industry Councils. As you will hear from him, and as I am sure you already know, there is a great deal of experimentation going on in this system on how to better serve all at-risk young people in school and out of school.

It wouldn't surprise you, then, that we in the National Alliance of Business within the last several years have moved beyond just a concern with a job training system as such and tried to look at, if you will, the first chance system, the public school system, and what ought to be done.

You have heard a great deal this afternoon about the problem, and I won't spend any more time on that.

What we are engaged in first off, Mr. Chairman, is a major public education campaign of trying to acquaint business people on what partnerships are in terms of business/education partnerships, why they should get involved and how to go about it.

I just want to point out three things. Last fall, we had a major insert in the New York Times Magazine. I would be happy to furnish it for your information. Secondly, you mentioned "The Fourth R"; we put that out within the last six months.

Senator SIMON. Now, what I hold is not the New York Times Magazine.

Mr. KOLBERG. No, it is not.

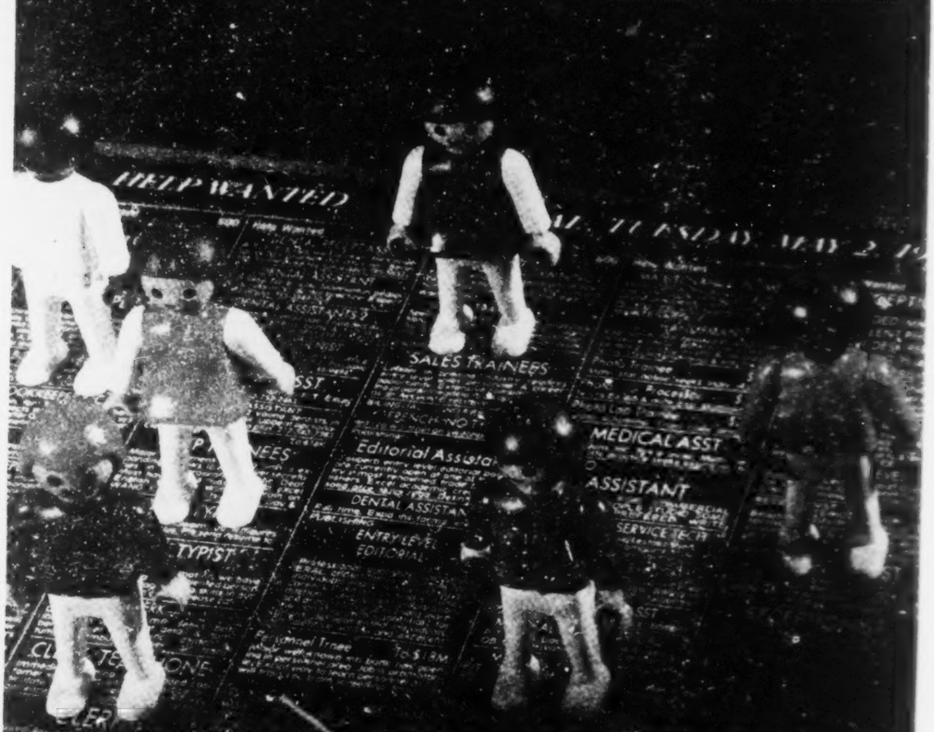
The third one I want to mention is this week's Business-Week, which is what you are holding there, another insert, paid for by major company advertisers, that is called "Business and Education: The Demand for Partnership."

Senator SIMON. I would like to put that in the record at this point.

Mr. KOLBERG. I would appreciate it, Mr. Chairman, if you would insert that.

[The document follows:]

Business and Education: The Demand for Partnership



The National Alliance of Business is deeply concerned with the impending mismatch between our future workplace needs and the skills and capabilities of our future workforce. The Alliance recognizes that the education of our youth plays a paramount role in bridging this gap. We urge business people, educators, elected officials, and concerned citizens to initiate and foster effective partnerships which have the capacity to significantly impact not only our future workforce, but our future economy and our quality of life. In the next few pages we will take a closer look at business and education and why there exist both a challenge and a demand for partnership between business and education in America.

National
Alliance of
Business

Your merchandise is dying on the shelves in Chicago, but it's on back order in Atlanta. You've cut denim, and they're buying corduroy. You're offering 16 bit computers, and the market has moved to 32 bits. The divergence between supply and demand is a threat to any business, and good managers always keep a careful eye on supply and demand trends.

Right now, there's a particularly critical supply-demand disjuncture facing American business: the growing gap between the demands of the contemporary job market and the skills offered by those coming into the labor force.

On the demand side, the skill requirements of the job market are shifting markedly amid a general expansion of employment and rapidly changing technology. As a result, higher skill levels are required throughout our economy and job market.

On the supply side, the demographic profile of newcomers to the labor force represents a substantial gap between what business needs from its employees and what many of these new employees can offer.

It is a critical problem. One that demands bold new efforts and immediate action by business to assist in reshaping the most integral component of the supply side of this equation: the American education system.

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Perspective of the Problem

The Supply Side: Our New Labor Force

- *82% of the new entrants to the labor force in the next twelve years will be women and minorities.*
- *1 million youth drop out of school each year.*
- *Dropout rates of many urban schools are 50% or more.*
- *More than 50% of all Hispanic youth will drop out of school.*
- *One out of every eight 17-year-olds is functionally illiterate.*
- *1 child in 5 lives in poverty. Children in poverty are one-third less likely to graduate from high school.*
- *More than one million teenage girls become pregnant each year.*
- *Nearly half of all black females are pregnant by age 20.*
- *More than 50% of all teenage mothers end up on welfare.*

The Demand Side: Our Changing Needs

- *By 1990, more than 50% of all jobs will require education or technical training beyond high school.*
- *By the year 2000, an estimated 5 to 15 million manufacturing jobs will require different skills, while an equal number of service jobs will be obsolete.*
- *By the year 2000, the major contributor to new job opportunities will be small companies with less than 100 employees, yet small employers are the least able to provide remediation and training.*
- *Workers will change jobs five to six times during their normal work lives.*

The Cost of the Gap

- ***Employers already spend an estimated $210 billion annually on formal and informal training.***
- ***$41 billion is spent each year on welfare programs.***
- ***Teenage pregnancies cost the U.S. over $16 billion each year in welfare costs alone.***
- ***Remediation and lost productivity cost U.S. businesses $25 billion a year.***
- ***Each year's dropouts cost America $240 billion in lost earnings and foregone taxes over their lifetimes.***
- ***Every $1 spent on early prevention and intervention can save $4.75 in the costs of remedial education, welfare, and crime further down the road.***

Quality Worker Gap

While technological and economic factors drive the changes in the demand side of our job market, the supply side has also been undergoing far-reaching demographic changes.

The lengthy postwar baby boom, which put substantial numbers of young people into the workforce during the 1960's and '70s, has been followed by a baby bust. In 1978, 24 percent of the U.S. workforce was between the ages of 16 and 24. By 1995, only 16 percent will be in that age bracket. That means about five million fewer young people will be in the workforce. The birth dearth is obvious to everyone who's been to a fast food restaurant recently and found their hamburgers weren't being served up by the familiar teenager but perhaps by somebody's grandmother.

It's not just the aggregate numbers that are changing. Those who are entering the labor force are significantly different from previous generations in several ways: 82% of the new labor force will be women and minorities. The labor force growth of blacks is double that of whites, and the Hispanic growth will be even greater. Almost one third of this new labor force will have grown up with only one parent.

The disadvantaged youth who will constitute an increasing proportion of the future workforce are much more likely to be functionally illiterate, to be school dropouts, to become pregnant as teenagers, to abuse drugs or alcohol. Their economic, social, and educational problems are intertwined. Children reared in poverty, for example, are one-third less likely to graduate from high school than other children.

These demographic changes have already made themselves felt. Nationally, one fourth of this year's ninth graders will not graduate from high school, and in some inner city high schools, the dropout rate is over 50 percent.

Consequently, while the demands of the job market are increasing, the workplace readiness of a growing proportion of new workers will be plainly inadequate. "Without immediate action," says Secretary of Labor, Ann McLaughlin, "large segments of our community will end up uneducated, untrained and unemployed and, in the workplace of today and tomorrow, perhaps even unemployable."

Competitiveness

Our educational problems have a palpable effect on U.S. competitiveness. "Our inability to educate many of our young people as effectively as other major industrial countries has a clear cut economic impact, states John Carter, President and CEO of The Equitable Financial Companies. U.S. employers spend billions of dollars a year on retraining. Basic skill deficiencies—problems in reading and writing, difficulties in listening and calculating—impose substantial costs to employers, not only in the form of educational expenses, but also through lower productivity, higher supervisory costs, and reduced product quality." Many big companies have the resources to spend sizable sums on training, but smaller firms simply don't, and they're the companies most likely to provide the bulk of the new jobs.

Losing Out

American companies are increasingly locked in competition with companies around the world. One strength of U.S. companies has always been the high levels of productivity and ingenuity of the workforce. If the U.S. is to maintain a competitive edge, it has to invest in its workers as well as its technology. Education is a major factor in productivity growth, even more so than increased capital or better use of resources.

John Clendenin, Chairman of NAB and Chairman of the Board and CEO of the BellSouth Corporation reinforces this concern: "The U.S. is now part of a thoroughly global economic system, and the skills and capabilities of our labor force will be a key element in determining our competitiveness. We're heavily dependent on the nation's schools, and we've got to help them meet the far more complicated tasks that have been imposed on them."

Bridging the Gap

Fixing the Supply Side

The only solution for businesses of all sizes is to get involved in the education process, which is clearly the feeder system to the labor force. Business investment in education is no longer altruism. It's now a fundamental economic necessity. Only by working closely with schools to improve results can businesses get the effective employees they need.

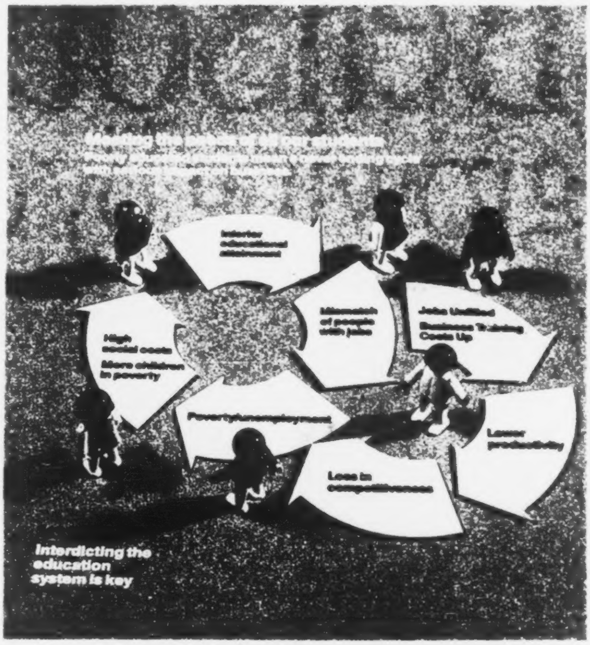
Just as businesses invest in plants and equipment, and in new technology, businesses must make an investment in human capital. There's a national market for people with advanced degrees from prestigious universities, but those who have attended local public schools compose virtually the entire pool of entry level workers. If that pool is poorly educated, local employers are going to end up spending substantial sums on training and retraining. "Any production executive knows it's more efficient to produce something right the first time rather than to spend substantial sums on post production fixups. The same is true in preparing a workforce," according to John Ong, Chairman and CEO of the BFGoodrich Company.

Most businesses already recognize the value of education. The Conference Board recently asked 130 major firms to list their top concerns, and education ranked first by a wide margin. Substandard educational achievement is not an abstraction to organizations trying to get a job done. Ask New York Telephone Company, which recently tested 22,380 people in order to fill 2,000 entry level jobs that didn't require a high school diploma. Some 84% of the applicants failed the examination.

Involvement

There are, of course, a number of ways businesses can become involved in education. For years, businesses have donated time and money to local schools, but at this point, something more is needed. Paying for athletic uniforms, speaking in a classroom, or offering plant tours is not enough. "Business and education have largely failed in their partnerships to improve the schools," David Kearns, CEO of Xerox Corp., has noted. "The reason is that business let education frame the problem and set the agenda. 'Feel good' partnerships, I call them. They hurt more than help because they keep shoring up a system that needs deep structural changes."

The nation's schools need to undergo dramatic and systemic changes because they're serving an increasingly diverse population and they're seeking to achieve more advanced skill levels. Just as the mass market has disintegrated for many products in this changing society, mass produced schooling doesn't work any more either. We have to fit the schools to the students and not vice versa.


Meeting the needs of all our students
Inferior educational attainment
Mismatch of people with jobs
Jobs Unfilled
Business Training Costs Up
Lower productivity
Loss in competitiveness
Poverty/unemployment
High social costs
More children in poverty

Interdicting the education system is key

More than 3 R's

Achieving that fit is a big job. With more youth coming from poor backgrounds, from single-parent families, or from isolated urban ghettoes, schools must play a larger role in introducing young people to a world beyond their limited experience. Schools must be prepared to help with problems that involve health, personal finance, and family life. In a recent report, the Committee for Economic Development, a business research organization, argued that "effective solutions" to the problems of youth "must reach beyond the traditional boundaries of schooling to improve the environment of the child."

To meet these needs, however, schools need new tools and new approaches. Business people can help. Businesses have a variety of skills and expertise that schools can use, and they can provide the clout to make things happen. Business people maximize the benefits of their contributions, however, only if they make long-term commitments to help the schools bring about systemic change. Just providing more money isn't the answer. Business executives must understand how complex the problems are and how varied the solutions can be, and then they must marshall support for a restructured educational system. Above all, business must seek to work with educators as partners in an ongoing effort. We cannot expect teachers and administrators to solve all the problems of our youth. In assisting, business not only provides specific help to the schools but can become advocates for proven programs. As Jim Duffy, President of Communications Cap Cities/ABC Television has found with his leadership of PLUS, Project Literacy US, "when a cross section of society such as business, educators, and media work together toward a common goal, action results at the community level. Linkage is the real answer."

Ætna's Commitment to the American Work Force Begins at an Early Age.

The Saturday Academy *Some of the recent graduates of The Saturday Academy's Spring semester gather at the Ætna Institute.*

Career opportunities and job skills aren't always high on the list of priorities for most seventh graders. So what does a corporation do to encourage the development and interest of our nation's future work force? For Ætna, the answer was our Saturday Academy, an innovative program developed in conjunction with the Hartford Public School.

Since 1984, the Saturday Academy has convinced more than 400 young teenagers to forgo their Saturday morning television in favor of computer terminals and science museums. Housed within the Ætna Institute for Corporate Education, the Saturday Academy offers 50 Hartford-area middle school students educational enrichment in math, science, computer literacy and communications.

The Saturday Academy teaches critical thinking and technical skills but more importantly it builds self confidence and motivation. It inspires a love of learning and commitment to continued education. It gives its graduates goals to aspire to and dreams of careers they never knew existed.

The Saturday Academy has proven that the private and public sectors can, and should, work together to develop our future labor force. But the need for similar programs is great. That's why Ætna Life & Casualty actively supports the National Alliance of Business and its efforts to cultivate a competitive American work force. Together, we can have a positive effect on our future employees, no matter how young.

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Or a warning label. Or a job application. Or a love letter.

You see, more than 27 million adult Americans are functionally illiterate. And their ranks are swelling by more than two million every year.

As a high-technology maker of America's defense systems, we find this trend more menacing than Soviet missiles.

Experts say curing illiteracy will require the efforts of tens of thousands of us.

That's why General Dynamics has made a grant to help keep the Project Literacy U.S. Hotline operating, toll-free. Call the Hotline, 1-800-228-8813. Find out how you can help someone overcome this terrible handicap.

We think every American ought to be able to read this ad. Don't you?

GENERAL DYNAMICS

A Strong Company For A Strong Country

Getting Down to Business

Small Business Too

If education is to change to supply better prepared workers, business of every kind and size must become involved. "Small business can and must play a powerful role in improving education in their communities," John Sloan, President of National Federation of Independent Business points out. "The products of the local school system are the future employees of small business as well as being future consumers." And there is a role for all executives at every level as well. Some business people find this challenge daunting. They say schools are complex institutions best left to professionals. By the same token, those who expect to hire the graduates of a school system cannot afford to hold themselves aloof from their local school.

The roles business people can play in schools start long before their familiar appearance at high school career days. The roles must penetrate the entire education process because intervening when a 16-year-old is thinking about dropping out is inevitably too little, too late. Business must work with schools in helping to enrich early childhood educational experiences through improved preschool opportunities. Only if disadvantaged children start school on equal footing with others, can they hope to succeed. Business people must also help at the elementary and junior high school levels. High school, of course, remains an obvious place for business participation. Business can help schools offer nontraditional curricula that provide career information or link schooling and work; they can support alternative settings and approaches for those who have done poorly in the classroom.

The Long Term

As important as the efforts have been, they are often very piecemeal approaches. Public/Private Ventures, a research and demonstration organization, has concluded that many of these efforts "have limited value in effecting overall educational improvement, though their immediate direct impact should not be discounted." Clearly a long-term ongoing collaborative commitment is needed. One partnership model studied by PPV did show some success in bringing about systemic change—the Boston Compact.

What's Being Done

In the late 1970's, a court-imposed busing program led many of Boston's middle-class families to take their children out of public school. The disadvantaged youth who remained were dropping out in record numbers or graduating without developing skills needed for employment. Boston school and business leaders came together in a partnership that sought to rebuild the city's school system. A formal compact was signed in which businesses and the school system each offered a commitment to achieve specific objectives. Over the years, some 600 Boston-area companies have joined forces with the schools to work for better education.

Compact Project

The National Alliance of Business' Compact Replication Project has sought to apply the lessons of the Boston Compact in developing business-education partnerships in seven other cities. This national demonstration, funded by the U.S. Dept. of Labor and the Dept. of Health and Human Services, Reader's Digest Foundation and the MacArthur Foundation, is currently developing partnerships in Albuquerque, Cincinnati, Indianapolis, Louisville, Memphis, San Diego, and Seattle. Finalists for additional sites include Providence, Miami-Dade, Rochester, Pittsburgh, and Detroit.

Similar partnership ideas have been implemented in other cities as well. And in all of them, the key to success in formulating ideas and marshalling resources is the commitment of business and schools to work together for the long haul.

Zeroing in on Dropping Out

If there are solutions to the high school dropout problem, Cincinnati is determined to find them. That's why the city's most prominent leaders in business, education, government, and civic life have created the Cincinnati Youth Collaborative (CYC) to battle the city's 40% dropout rate.

Cincinnati is one city participating in the Compact Project sponsored by NAB. The project seeks to help these cities establish business-education partnerships that will reduce dropout rates, improve scholastic achievement, and increase job opportunities for local youth.

The CYC was formed in January 1987 by John Pepper, president of Procter & Gamble Company, Cincinnati school superintendent Lee Etta Powell, and City Council member J. Kenneth Blackwell. "The Collaborative's efforts to reduce dropout rates include a range of activities to support "at-risk youth" starting as early as possible and continuing until they have either entered the job market or gone on to post-secondary education," explains John Pepper.

The program is initially focusing on the high school with the highest numbers of dropouts and the lower and middle schools which feed into it. Preschool programs for three-year-olds are being established at two elementary schools to ensure that inner city children will have the necessary learning skills by the time they start kindergarten.

CYC starts with a preschool component because a good start reduces the chances of dropping out, as does improved counseling, smaller classes, mentoring and tutoring programs in the lower grades.

The reach of the program not only extends throughout the schools but also links up with the job market and social service agencies. Some potential dropouts "need an incentive to stay in school, such as the guarantee of a job," says Superintendent Powell. Others need help dealing with such problems as pregnancy or drug abuse. "The school system alone cannot supply all the needs a child brings to us. The collaborative approach can," she says.

CYC is developing a jobs network tying together local businesses, the school system, the PIC of Cincinnati and Hamilton County, and other area agencies. The network, called Bridges for Jobs, asks local companies to give hiring priority to local high school graduates. CYC is also creating an information clearinghouse dealing with higher education programs and financial aid for interested students.

This comprehensive approach is expected to cost an additional $2 million a year with some of the costs being met by reallocating existing resources. CYC emphasizes that they are approaching school dropouts as a long-term problem, not a short-term emergency. Although the effects may not be visible immediately, the feeling in Cincinnati is "let's get started." A number of employers, both large and small, are involved, and all play an important role. Says Powell, "The business community has been extraordinarily important to this. It's been the most forceful element in moving us along."

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Business must think strategically about its involvement with schools. Business should view education from a perspective of a company in trouble and must marshall the resources to provide the necessary assistance. It must be a sustained mutual commitment that will net concrete and measurable results over an extended period of time. "This cannot be a hit and run approach," Bill Kolberg, President of the National Alliance of Business, warns. "Systemic change in education will come only from an intensive, cooperative community effort with involvement from small and large businesses and all facets of the educational process including teachers, administrators, and school boards. There are no simple solutions."

The Challenge.

We challenge businesses not yet involved in education to get involved. Businesses already involved must analyze their level of involvement and escalate and expand their investment in education. Whether your business is large or small, whether you are a middle manager or a CEO, you must begin to examine how to be helpful in this most crucial process.

Begin by asking yourself the following key questions in order to assess your familiarity with your school system:

1. How many young people in your community graduate from high school each year and enter the labor force?
2. What is the accurate dropout rate of your local school system?
3. What percentage of your school's graduates are functionally illiterate?
4. What linkages are presently established between schools and local business? What are the results of these linkages?
5. How do the youth in your local schools learn about business careers and job opportunities in your community and the skills needed for those positions?
6. How many local public high school graduates does your company hire per year? What amount of time is spent in supervising entry level youth or providing remediation? What is your turnover rate for these youth?

It is not necessary for you to have all the answers to these questions before you take action. It is, however, necessary that you begin to evaluate and act on the products of your local school system.

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Challenge to Business

How to Start.

NAB has identified some logical progressions for business to consider in getting involved:

1. Identify Other Potential Partners

Look for other partners in the community who are interested or may be interested in education. One possibility is your local Private Industry Council. PICs were established to bring together local officials and employers to address employment and training issues. Talk to other business people in your company and your community. Talk to school officials, including superintendents and board members, and local elected officials.

2. Probe the Barriers

Gather data about your community and your education system. Be sure you explore all the barriers in your community. The seeds of failure for youth often start early, yet it can also be the result of barriers in the business community which neglect to provide sufficient information about careers and opportunities. And most importantly, if technology in the workplace has changed so drastically, and the demographics of our youth have changed, is the traditional education system still the most effective approach?

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3. Identify Existing Programs and Gaps

Take stock of the existing programs, projects and services that are available in your community and schools. Look closely at the services available outside the schools and the contributions business people are already making. Focus on means to coordinate these services in order to get the best return on investment and to provide the most effective services. Identify what are the gaps between what is available to students and what is needed for a comprehensive education program.

4. Draft a Plan of Action

A plan of action agreed upon by all involved is essential. It must incorporate a clear statement of purpose, goals, objectives and commitments. The plan must become the road map for future actions and planning.

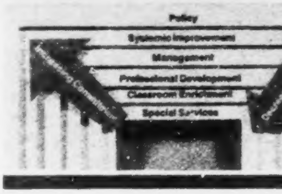
The above steps for collaboration require some important ingredients. Key business leaders and the school superintendent must be willing to participate. Political stability is an important factor. The presence of an organization that can serve as the intermediary to keep the process moving, such as a private industry council, is also necessary.

It is difficult to begin a long term strategic effort if there has been no prior history of business and education partnership activities. Sometimes it may be necessary to proceed on a more modest level in order to help build bridges among the key players and to build a base for the future. NAB has identified six levels of business involvement in "The Fourth R: Workforce Readiness," which can be used as a guideline for the development of partnerships. (See illustration.)

Partnerships between business and education have far reaching potential. It is important to remember that these partnerships are maximized when they ultimately net systemic change. Our economic growth, the future of our youth, our workforce of tomorrow, all depend on effective and innovative action and demand businesses' immediate attention.

Levels of Impact on Educational System

Multilevel Partnerships



If the schools are failing, if our graduates can't read, or write, or count, or come to work on time, you'll feel it in your own offices and plants—and you'll feel it in your own bottom line as well. Like it or not, you're inevitably going to be part of any local education problem. Clearly, the challenge to business is to be part of the solution...and the time for involvement and action is now.

Free Information and Assistance

NAB can provide additional assistance and information. The following free publications which provide more indepth information and guidance and other examples of business/education partnerships are available from NAB:

- The Fourth R: Workforce Readiness —Executive Summary
- Youth 2000: A Call to Action
- Employment Policies. Looking to the Year 2000
- WorkAmerica—Business/Education Partnership issue
- **Copies of this NAB Supplement are available in bulk.**

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Mr. **Kolberg**. With these three major things—and we will continue to have a public relations campaign, particularly pointed to business—there are some themes that come with each one of them and will continue to come.

The first theme is: Business can no longer ignore the public schools as it has in the past; there is an economic as well as a social problem here. The more you look at work force numbers, the more you look at the future of our work force, the quality of the work force, business has a stake that it can no longer ignore.

Secondly, business as a great deal to offer—the obvious things—jobs, job training, know-how, career exploration—a variety of things that only the business sector can offer.

Thirdly, business has always been involved, as you have heard this afternoon, has always been involved in some kinds of relationships and partnerships. But the problems are now so much more important and severe that we need to get to systemic change, not just school by school by school, but involved in the school system, city by city by city, so that we begin to change that.

And finally, we point out in all of these publications a lot of experience. You have heard some of the better people, some of the better practitioners this afternoon who have had this kind of experience over the years—Adopt-A-School experience, Private Industry Council experience, the Compact experience in Boston. There is a lot already known that we can build on. So we are going to continue that to try to acquaint the millions of businesspeople across the country with the need now to move ahead and begin to expand beyond what we have done in the past into basic systemic change in the public schools, in a public/private partnership mode the way we have for years in the Job Training Partnership.

You heard from Bill Spring about the Boston Compact. What we have done in an action sense is look at that, try to understand what the elements were, as you were questioning Bill on what made this work, what happened, and to take that and try to replicate that in now 12 other cities. I can mention those cities if you wish, but the point is we have tried to learn what it takes in order to get these systemic change mechanisms and processes going and then, as the National Alliance of Business, work with the communities one by one by one to see if we can't be helpful in seeding that across the country.

What we looked for as we looked at some 70 cities, some common elements—and again, you have heard from various witnesses this afternoon—first of all, there needs to be a history of collaboration. People need to work together in a variety of ways, particularly between the schools and business and constituted local government.

From the business side there needs to be very strong and top-level commitment to do this job, otherwise it won't get done.

Thirdly, there needs to be a long-term view. We keep saying over and over and over, it took us at least one generation and maybe more to get into the situation we are in with dropout rates of 50, 60, 70 percent in our center cities. Let's make a long-term commitment. We are not setting up something for a quick fix. This is 5, 10, 15 years.

We need to have some accountability, again, as Bill Spring talked about in Boston. We need to have a way of keeping track of what our goals are and how we are doing in meeting those goals year in and year out, a goal-setting process.

Finally, you need a business intermediary. You will find in the 12 cities we are working in that the Private Industry Council and the SDA, in other words, the partnership under JTPA in many, many of those places, has been the sparkplug. That is not surprising. They have the funds; they have had the experience in working with the kind of at-risk young people we are talking about here; they have some flexible money. And so therefore they have, in many cities—not every city, but in many cities—become the key element in putting together this much broader partnership, the systemic change partnership, if you will, that we think is absolutely necessary.

Finally, just a few comments about JTPA, as you asked me to do. I would make them very general. I think you have heard again this afternoon that JTPA as now constituted already has a lot of flexibility. You will hear from Dave Ziska and talking to others that smart local people on the public and private side can figure out how to do a lot of the things that need to be done—but as always, there are certain kinds of restrictions. It needs to be more flexible.

We need to take another look, for instance, at the 15 percent cap on services. For the severely disadvantaged, it is too tight. You cannot provide the series of services to certain young people with that kind of cap.

Moving the funds between the various titles is difficult, if not impossible; we need to free that up. This is all apart from whether we need new money or not. This is all related to trying to take the current program of the $3 to $3.5 billion per year that is appropriated to JTPA and make it possible so that in Miami-Dade you can get more bang for that buck.

Before we move ahead to appropriate significantly more money, I think it is also clear to you from this afternoon's comments and witnesses that we need to first be very careful to be sure that all the various pots of money that come together at the local level are put together in a sensible way.

We talked about Chapter 1, we talked about JTPA; there is vocational education dollars; Job Corps dollars are out there, the Summer Youth dollars, the regular public school dollars—they are all there. Someone needs to be very careful. And I think again, in these partnerships, like the Boston Compact and others, you begin to understand how to leverage and use all the dollars that are already flowing, both public and private, from every level of government on how to do a better job.

I think we can change and rearrange the current way that JTPA is delivered to the local level to enhance the ability of the local people to do a better job.

I would just end, Mr. Chairman, by saying that five years after "A Nation at Risk", from our viewpoint of the private sector, it seems to me we have made a lot of progress in acquainting people to their role—private businesspeople, acquainting them to their role and the possibilities at the local level in working with the public schools. We still have a very, very long way to go. This is going to be a very long commitment, and I want you to know that the National Alliance of Business is committed in this realm, the public/private partnerships between business and education, to stay for the long term.

Thank you.

Senator SIMON. Good for you. Thank you very much, Mr. Kolberg.

[The prepared statement of Mr. Kolberg and response to questions submitted by Senator Quayle follow:]

TESTIMONY
OF THE
NATIONAL ALLIANCE OF BUSINESS
BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

ON YOUTH UNEMPLOYMENT AND NON-COLLEGE BOUND YOUTH

APRIL 27, 1988

The National Alliance of Business is an independent, business-led, non-profit corporation whose mission is to increase private sector training and job opportunities for economically disadvantaged and long-term unemployed individuals by building and strengthening public/private partnerships of business, government, labor, education, and community-based groups.

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Mr. Chairman, thank you for inviting me to testify about the problems confronting at-risk youth and some of the solutions available through education improvement efforts and youth employment and training programs.

I am William H. Kolberg, President of the National Alliance of Business. The Alliance is the only national organization led by, and representing, business in the specific area of job training, employment, and human resource development for the nation's unemployed and disadvantaged.

I would like to address my testimony here today to what we see as the appropriate roles for business and government in meeting the needs of at-risk youth. There are three key points I would like to make which have guided our actions at NAB, and which we feel should help shape any legislative efforts in this area.

1) Businesses are realizing that they have an economic imperative to become involved in our education systems and other efforts targeted to at-risk youth. Some business people, like Dave Ziska here from IBM, are already involved with at-risk youth programs in their communities, others are just beginning to become involved, but the momentum has definitely begun.

In an effort to increase attention on these issues, NAB has just published an advertising supplement in the May 2 edition (currently on the newsstands) of Business Week magazine, highlighting the mismatch between our future workplace needs and the skills and capabilities of our future workforce. The article urges business people, educators, elected officials, and concerned citizens to initiate and foster effective partnerships between business and education. With 2 1/2 million subscribers and an estimated 5 million readers, we hope this Business Week supplement will focus national attention on problems confronting at-risk youth and will increase efforts to solve these problems. (Mr. Chairman, I would like to submit this supplement for the record.)

2) Both the public and private sectors need to commit themselves to long-term efforts to improve the preparation of our youth, particularly our disadvantaged youth, for their futures. While government has responsibility for the the social and economic well-being of our society, business has a stake in the education and skill level of our workforce.

The problems confronting at-risk youth are large and complex. No single entity -- educational institution, government agency, or business or community organization -- can answer all of the needs of these young people. Solutions will only come from collaborative efforts involving entire communities. Furthermore, these community collaboratives must realize that the problems confronting youth will not be solved over night, and they will not be solved with limited short-term programs. To be successful, the collaboratives must organize themselves around long-term goals and work for systemic changes.

3) Both business and government must learn from the existing collaborative structures involved with education improvement and youth employment and training programs, and build on these relationships. At NAB, we believe the private industry councils have shown that business people have staying power over the long pull when they have a meaningful role. New legislation should support existing structures, like the private industry councils, and encourage them to broaden their perspectives.

In communities where the private industry councils are not prepared to take on the added responsibility of education improvement, legislation should provide incentives for new collaboratives to form. These collaboratives should learn from the prior efforts of others, but they should not be restricted to following any one particular structure or method of operation.

Efforts to improve the education and employability of youth helps both business and youth. We, at the National Alliance of Business, are committed to making business a partner in improving youth's opportunities, both by working with the schools and with existing public employment and training systems.

THE PROBLEM

The number of young people available for work is declining, and the proportion of those young people who come from backgrounds that have traditionally fared poorly in the workplace -- minorities, single-parent families, poverty homes -- is increasing. Approximately twenty-five percent of our youth drop out of school before graduation, and, sadly, some of those that do graduate still cannot read.

This decrease in the total number of qualified youth entering our workforce is occurring at the same time that the skill level required in the workplace is increasing. By 1990, over 50 percent of our nation's jobs will require some education or technical training beyond high school.

As the Grant Commission documented in The Forgotten Half, it is becoming increasingly difficult for high school graduates to find full-time employment at decent wages. In 1986, less than 49 percent of non-college bound male high school graduates were working full time one to two years after receiving their diplomas, while in 1973 nearly 73 percent of those graduates had full-time jobs. And, over this same period, the mean income for young men aged 20 to 24 declined 28 percent.

Too frequently, at-risk youth do not see the value of education, they do not understand the connection between what they are learning in school and the positions they might hold in the future. They live in communities where few people work, and where those who do work have low-skill jobs. They are cut off from mainstream values and opportunities.

Reaching these youth requires new approaches. We can no longer rely solely on our traditional school structure, which was largely designed to meet the needs of an agrarian schedule and a manufacturing mentality. Instead, we must create new structures which develop critical thinking skills in our youth and bring societal values and resources into the schools.

EDUCATION IMPROVEMENT

Up until two years ago, the Alliance concentrated its efforts on involving business in job training programs for the disadvantaged and the structurally unemployed. Then, in 1986, we took a good look at the demographics and at the impact of the nation's job training programs over the last twenty years or so, and we realized that the business community also needed to become involved with our young people's preparation for work at much earlier ages -- while they were still in school.

We began to promote business involvement in education improvement programs and to provide businesses with the necessary technical assistance. We became a part of *Youth:2000*, a federal government multi-Department effort designed to heighten national awareness and promote collaborative action on the economic, social, and educational issues facing today's youth. We produced The Fourth R: Workforce Readiness, a guide to business-education partnerships, and we undertook a demonstration project designed to replicate elements of the Boston Compact in other cities.

The Fourth R: Workforce Readiness

The Fourth R: Workforce Readiness was written as a tool to promote the development of business-education partnerships. We have found that, in order for youth to succeed in today's workplace and in the workplace of the future, they need more than the traditional three R's that schools are expected to teach; they need workforce "Readiness" skills -- reasoning, analytical, creative, and problem solving skills, and behaviors such as reliability, responsibility, and responsiveness to new work requirements. Additionally, we have found that collaborative efforts to bring about educational improvements are most effective at helping youth to realize these skills.

The Fourth R describes some of the model collaborative efforts that have been successful at bringing about educational improvements, but more importantly it identifies six levels of business involvement in partnerships with education. These range from policy partnerships -- collaborative efforts among businesses, schools, and public officials to shape the public and political debate and affect the overall direction of the educational system -- to special assistance on specific short-term projects or student activities.

While all types of partnerships are important, it is the large-scale, more intensive involvements that are needed. It is the partnerships for policy and systemic educational improvement which create the potential for sustained commitment to address and solve the problems confronting our youth.

Business must be more conscious of the relative impact of its efforts. Limited, short-term involvement, while meritorious, brings limited results -- inadequate for the problems confronting us. One of our goals in publishing The Fourth R was to point out the importance of long-term commitment and collaboration. This is what we stressed in The Fourth R publication and its accompanying video, and this is what we stress when we travel to various conferences and meetings and speak on the topic of business-education partnerships and long-term collaboratives.

Compact Replication

While many businesses are already involved in improving the quality of education in their communities, more still needs to be done. Additional businesses need to become involved, and some that are already involved should increase their involvement in the higher level activities stressed in The Fourth R.

One effort that evaluators believe is beginning to illustrate the possibilities of long-term collaboration is the Boston Compact. Two years ago, the Alliance received a grant from the U.S. Department of Health and Human Services to develop and manage a national business-education partnership demonstration project for educational improvement. The Compact Replication project was initiated in seven cities (Albuquerque, Cincinnati, Louisville, Memphis, Indianapolis, San Diego, and Seattle) in 1987, and, with additional funding from the departments of Health and Human Services and Labor, and from Reader's Digest and the MacArthur Foundation, is now being expanded into five more cities.

Modeled after the principles of the Boston Compact, the demonstration promotes the formation of community-wide collaboratives in which the various partners commit to providing specified services and articulating and meeting measurable goals and objectives. As William Spring already testified, in Boston, businesses joined with the Boston public schools, colleges and universities, and trade unions in city-wide collaborations. Businesses agreed to provide employment opportunities to qualified high school graduates in exchange for quantifiable educational improvements in attendance, achievement, college placements, and dropout rates.

In the Compact sites, each collaborative is left free to develop its own agenda for assisting at-risk youth to complete school and make a successful transition to work or higher education. We provide technical assistance and training, materials, and networking opportunities, but the actual collaborative structures the sites develop and the specific goals they choose to work toward are locally determined.

Lessons Learned — Business Roles

Our efforts in the Youth 2000, Compact Replication, and Fourth R initiatives have enabled us to start to identify some of the specific roles business people can play as part of their long-term, enduring commitment to education. While schools need to take the lead in improving the education system, there are important roles for business:

Jobs. The most powerful resource business has in working with the schools is jobs. Jobs can be used to leverage changes in the schools, and as performance incentives for many young students. Businesses can offer job opportunities -- after school, summer, and year-round -- to students in exchange for schools improving their performance in areas such as lowering dropout rates and increasing the quality of their graduates. They can use these same job opportunities as incentive rewards to students who perform well in school, maintain good attendance records, and/or graduate. Such "jobs collaboratives" can often be the best first step for school systems and business communities starting to work with each other, but the collaboratives are only the beginning.

Career Exploration Programs. Even at elementary school ages, young people who have never seen adults go to work, or have only seen them work in very limited jobs, need to understand the kinds of opportunities that could await them if they acquire the four Rs. The schools can define programs and develop curricula that will help introduce our youth to the labor market, and, with business' assistance, can highlight the linkage between basic education skills and particular job options. Business people can contribute much to these curricula, which should be based on their knowledge of the local labor market. In addition, part of the curricula could include visits to job sites and classroom presentations by business people, though the curricula should not consist solely of these limited excursions.

As part of more specific career exploration programs, businesses could provide job opportunities designed to provide students with exposure to the world outside their communities. As a nation, we have barely scratched the surface of the creative potential here for good collaborations.

Applied Learning. Increased opportunities with alternative teaching techniques and alternative schools need to be made available for students who do not perform well in purely academic settings. For some youth, learning is easier when it is related to something concrete, like a vocational skill. Businesses can provide educators with information on skill needs and labor market trends that will help them develop appropriate curricula. Additionally, businesses can provide state-of-the-art equipment in the schools or allow students to practice skills on equipment at their worksites, and they can provide part-time and summer jobs to students studying in their fields. Business people can serve as guest lecturers in classes and as mentors to these vocationally-oriented students. These linkages between local businesses and the schools should also facilitate the ultimate placement of youth in permanent jobs when they graduate.

Accountability. Up until recently, there has not been much pressure to hold schools accountable for the quality of their product -- their students. While measuring success in the schools cannot be handled simplistically, it still must be done. Part of the definition of school success should be dependent on the quality of preparation for the evolving world of work. Business is already accustomed to operating performance measurement systems of their own, and business people can work with educators to develop an accountability system with a wide range of performance indicators, including those which specifically measure success at meeting labor market needs.

Change Agent. Day to day changes usually occur from within institutions, but decisions on bolder, more far-reaching initiatives often come with the review and assistance of those with a vested interest who are outside the regular management structure. Businesses and many non-profits turn to boards of directors, consumers, or members for guidance. Education needs to turn to the communities, including business and parents. As a group, these educators, business people, and other community members can formulate plans for improving the quality of education in the schools, and then work together to promote and implement the plans.

Lessons Learned — Federal Government Response

There are vital roles for the federal government in bringing about the formation of business-education collaboratives and encouraging businesses to work with the schools. Legislation which facilitates, even encourages, the formation of business-education collaboratives would be very constructive. Government could provide seed money or incentive grants for the establishment of business-education collaboratives.

Broad-based collaboratives, which include business and others in the community, should particularly be fostered. School-based programs which serve at-risk youth should not only provide linkages with the world-of-work, but also child care and other support services, such as counseling. Linkages with community social service programs and Job Training Partnership Act programs should be encouraged. To be successful, coordination requirements need to be placed on all the relevant government programs, so that there are mutual incentives for cooperation.

The federal government should also support research and demonstration projects, develop effective information dissemination strategies, and provide technical assistance, in order to expand our knowledge base and assist localities in improving their education programs. Special attention should be focused on projects which will help the at-risk youth population stay in school. This might include research on new teaching methods, dropout prevention strategies, alternative school structures, and community-wide education reform efforts.

In our work on The Fourth R and the Compact Replication project we found that there are a number of factors which seem necessary for the creation and success of the more long-term, intensive partnerships. In sum, what seems critical for success is that collaboratives build on the needs and opportunities, and the strengths and resources existing in individual communities. In order for this to happen, federal legislation must not mandate any one particular structure for all collaboratives, or prescribe how collaboratives should operate.

In each community, education improvement collaboratives must build off of existing cooperative ventures among educational institutions, government agencies, businesses, and other community organizations. We strongly encourage that federal legislation require communities to establish one single entity to serve as a focal point, to ensure effective planning and coordination of resources to support our children's education. Often such an institution exists or can be built from an existing one. In Boston the private industry council (PIC) was used, but in other locations other forums were developed, of which the PIC, the chamber of commerce, and other institutions were a part.

The Alliance is still researching the question of appropriate government action in the area of education improvement, and hopes to provide you with further recommendations later in the year.

YOUTH EMPLOYMENT AND TRAINING PROGRAMS

While changes in the educational system are crucial if we are to limit the number of our youth who fail or are failed by the system, we also have a responsibility to provide services to those youth whom we have already lost, either dropped out of largely "tuned out" of school. Youth employment and training programs currently serve both groups. In-school programs provide economically disadvantaged at-risk youth with employment-related skills and short-term and part-time jobs while the schools are still building the youths' basic educational skills. Employment and training programs targeted to out-of-school youth are frequently even broader, addressing youths' educational and social problems as well as their employment-related problems.

Job Training Partnership Act

Through the Job Training Partnership Act, local service delivery areas are designing programs which meet the needs of both in-school and out-of-school youth. In many cases, private industry councils serve as the business component of business-education partnerships, bringing business expertise, employment-related training, and job opportunities into the school system as part of a larger process of improving the overall provision of services to in-school youth. In other cases, the relationships between the private industry councils and the schools are narrower, and the employment and training services provided to in-school youth are not part of a larger collaborative effort.

With out-of-school youth, private industry councils must do more than develop programs which direct the youth from school to work, they must develop programs which redirect them, which help them to reclaim their lives. These second chance programs must provide the necessary services to help these "dropped out" youth build their employability skills -- basic education skills, job specific skills, and attitudinal skills. Additionally, these programs must somehow address the myriad of problems related to employability which limit youths' ability to function in the workplace, including alcohol and drug abuse, teenage pregnancy, and delinquency.

The National Alliance of Business has been involved with the employment and training programs designed to serve these at-risk youth for over twenty years. The employment and training system itself has been serving these youth for even longer. It is important that the existing knowledge base and institutions built up within the system be utilized whenever any programs are developed to serve this at-risk youth population.

Working within the Job Training Partnership Act structure ensures that the employment and training system's experience with services to at-risk youth is utilized. Private industry councils facilitate coordination among the various social service, training, and education agencies, and community and business organizations providing services to at-risk youth at the local level. Business' involvement on the private industry councils helps to ensure that training is for employment opportunities which do or will exist in a community, and that training is of sufficient quality to lead to a private sector placement. Discrete categorical programs which are not coordinated with the private industry councils could easily lead to duplication of services and an inefficient use of resources.

The Job Training Partnership Act system is doing well at serving at-risk youth. According to a recent National Commission on Employment Policy study, 40 percent of those served by the system are youth, and among those youth served, over 28 percent are dropouts, compared to only 19 percent in the eligible population. After passage of the 1986 amendments, the General Accounting Office found that 21 percent of summer program participants were expected to receive remedial education in 1987, up from 8 percent in 1986. Furthermore, recent changes in the performance standards system enacted by the Department of labor should encourage the provision of more basic and job specific skills and improve the quality of the skills training provided to youth.

Lessons Learned — Federal Government Response

Our support for the Job Training Partnership Act (JTPA) system should not be misconstrued. We do not mean to imply that the same deliverers of service or grantees used currently are necessarily the only deliverers for all types of youth activities, but we do believe that the public/private partnerships created by JTPA should be the focal point for planning, overseeing program coordination, and assuring the quality of training.

While the Alliance has not yet developed concrete recommendations in this regard, some issues need to be considered to facilitate services to youth:

- Federal, state, and local resources should be better targeted to areas with high numbers of at-risk youth. While the at-risk youth problem is at its worst in the central cities, federal funding is primarily targeted to areas with high unemployment, not necessarily to areas with high numbers of disadvantaged youth.

- Federal and state governments, and the National Alliance of Business, must do better at disseminating information about successful employment and training programs for at-risk youth. Local areas should be encouraged to incorporate some of the lessons learned from federal and foundation demonstration projects into their at-risk youth programs: longer-term, more intensive services; basic skills components; increased work opportunities; more support services; and increased coordination with other local education and social service providers.

- More flexibility to provide support services is necessary when targeting the most at-risk youth. We know from experience that some of the youth served by Job Training Partnership Act programs are seriously at-risk. These youth need more than basic employment and training services before they are employable; they may need alcohol and drug abuse counseling, pregnancy and AIDs prevention counseling, parenting skills training, and child care services. They may also need financial incentives and work experience opportunities to encourage them to participate and perform. If we seriously want to succeed with these youth, we have to be willing to commit the necessary time and resources.

There was nothing magical about the 15 percent expenditure limitation on support services when the Job Training Partnership Act (JTPA) was enacted, and there isn't now. While we do need to prevent unlimited expenditures in this area, we should consider relaxing the 15 percent limitation. At the same time, we must be careful not to lose the incentive for JTPA administrators to coordinate with other programs.

- While the Department of Labor has just changed the performance standards which service delivery areas will have to meet, all of us should continue to review whether these will adequately meet the needs of a more at-risk population. It may be that the level of the standards or the goals which they measure are inappropriate for the most at-risk youth.

- It is possible that more resources should be directed towards the needs of at-risk youth, but first better ways must be found to inter-relate all of the programs providing services to these youth at the local level. Congress is about to expand funding for Chapter 1 education programs, and many states and localities are increasing their program funding to this group. It is important that, when we analyze the need for increased funding, we not think of the Job Training Partnership Act in a vacuum, but look for ways to encourage coordination among all of the many programs already funded to avoid duplication and get the best delivery of programs possible.

My staff would be pleased to work with you to assess these further.

CONCLUSION

Mr. Chairman, I would like now to revisit the three points I introduced at the beginning of my testimony.

First, businesses are realizing that they have an economic imperative to become involved in our education systems and other efforts targeted to at-risk youth.

Businesses need to reconnect with the public schools in a meaningful way. Over the course of the last 25 years, business people have moved to the suburbs, separating themselves from the school systems located near their businesses, and divorcing themselves from the issues confronting those school systems. Businesses must now rebuild the link between themselves and the schools in order to ensure the quality of their entry-level employees and the economic viability of their cities.

Our experience with the Compact Replication project and with researching The Fourth R has shown us that, through business-education partnerships, businesses can make a difference. Businesses can use the jobs that they provide to motivate individual students and entire schools to improve their performance. They can use their knowledge of the world of work to help schools make education more relevant to students' futures. Business can also mobilize communities to support needed education reforms.

Twenty years of involvement with the employment and training system have shown us that there are also appropriate roles for business in the operation of youth employment and training programs, for at-risk youth both in and out of school. As with business-education partnerships, businesses can use their knowledge of the world of work to make employment and training programs more relevant to the local labor market. Additionally, business representatives can serve with representatives of local government agencies, schools and community organizations on private industry councils, overseeing the coordinated delivery of services to at-risk youth (and adults).

Second, both the public and private sectors need to commit themselves to long-term efforts to improve the preparation of our youth, particularly our disadvantaged youth, for their futures.

Our work on The Fourth R and the Compact Replication project taught us that successful collaboratives are built on a history of other community partnerships, and that they need strong commitments for sustained involvement from top level government, school, and business leaders in order to thrive. After working for one and a quarter years in seven cities, and beginning expansion into five more, I can say that the Boston Compact process has proven itself to be an appropriate overall model for building business-education partnerships.

But building collaboratives is a long and difficult process. When we began our efforts, we felt certain that some cities would reach agreements and have collaborative structures in place in short periods of time and with very little effort on our part. Instead, what we found was that when key government or school leaders were replaced, or when business commitment was not sufficiently strong, the newly formed collaboratives would begin to collapse and efforts would have to be undertaken to revitalize them. It is clear to us that these fragile collaboratives need the support of both the public and private sectors.

Third, both business and government must learn from the existing collaborative structures involved with education improvement and youth employment and training programs, and build on these relationships.

Since 1978, under the Carter Administration, the first steps were made to bring together all of the key players -- government, education, business, labor, and community based organizations -- in an environment intended to promote cooperation. These private industry councils are now beginning to broaden their perspectives. Although much more needs to be done in this area, most business volunteers involved with the Job Training Partnership Act have built a far greater understanding of the issues confronting at-risk youth than they had before.

While these same individuals may not be able to take on full responsibility for educational changes as well as employment and training responsibilities, they can often be important actors in supporting these efforts. In Boston, the private industry council played the key role in initiating and operating the city's business-education partnership. In Albuquerque and Cincinnati, the private industry councils are playing supporting roles.

Even where the private industry councils and state job training coordinating councils are not capable of taking responsibility for business-education partnerships, they are still the appropriate entities for helping to coordinate and integrate other employment and training programs. We, at the National Alliance of Business, are convinced that the private industry councils are of pivotal importance in ensuring a coordinated employment and training delivery structure, for both at-risk youth and adults, at the local level.

Government needs to encourage the formation of local collaboratives, and it should provide important research information for business-education partnerships. It should preserve and support the private industry council structure, which provides an appropriate forum for business to work in partnership with public policymakers. In order to facilitate long-term commitments, government should not set up different competing structures, but promote the importance of coordinating and merging resources to meet the complex needs of at-risk youth.

Mr. Chairman, I would be happy to answer any questions you may have.

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National
Alliance of
Business

1015 15th Street, N.W.
Washington, D.C. 20005
202 457-0040

Chairman
[illegible]

President
William H. Kolberg

Board of Directors
Thomas H. Bell Jr.
William P. [illegible]
[illegible]
John L. Heidrich
Benjamin Hooks
William H. Hudnut III
[illegible]

May 16, 1988

Honorable Paul Simon
Chairman
Subcommittee on Employment and Productivity
Committee on Labor and Human Resources
United States Senate
Washington, D.C. 20510

Dear ~~Senator~~ Paul:

I appreciated the opportunity to testify April 27 before your subcommittee, and look forward to working with you on federal policies to assist youths who face special barriers to employment. The Alliance supports your efforts to better target job training funds to areas with high numbers of disadvantaged youths, and it supports initiation of incentive grants to promote business-education partnerships.

The problems of youth unemployment and school-to-work transitions are of particular importance to the Alliance this year. Recently, we have been involved in helping to establish business-education partnerships in several key cities, as you know, but we are also committing a large part of our resources over the next 18 months to youth policy development and further youth program activities. We will certainly work closely with you and the subcommittee in developing any specific legislative proposals.

I have attached a more detailed response to the written questions you transmitted to me from Senator Quayle.

Again, thank you for the opportunity to testify.

Sincerely,

Bill

William H. Kolberg
President

Attachment

cc: Senator Quayle

BEST AVAILABLE COPY

Prepared by:
Policy Department
National Alliance of Business
May 16, 1988

RESPONSE TO WRITTEN QUESTIONS FROM SENATOR DAN QUAYLE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY COMMITTEE ON LABOR AND HUMAN RESOURCES UNITED STATES SENATE

(The following is in response to Senator Dan Quayle's request subsequent to testimony of the National Alliance of Business by William H. Kolberg, President, at an April 27 hearing on youth employment and school-to-work transition.)

QUESTION: In your written testimony you recommend legislation which facilitates the formation of business-education collaboratives and you discuss some suggestions. Could you elaborate on these suggestions? Are you currently working with anybody to develop specific legislation?

NAB Response: In my written testimony, I proposed that "government could provide seed money or incentive grants for the establishment of business-education collaboratives." While some communities would form such collaboratives on their own, other communities might need the extra incentive these grants would offer. A national program of incentive grants would help to focus attention on business-education partnerships, and would help support the costs communities would face in initiating such partnerships.

The Alliance would not recommend enacting legislation to establish a new national categorical program for this purpose. No nationally prescribed program could hope to address the large variety of community circumstances, nor could it hope to engage the variety of public and private organizations and entities which would need to be involved in any local business-education collaborative. Our own experience in providing technical assistance to cities trying to replicate elements of the Boston Compact taught us that no single collaborative model will work everywhere. Success is based heavily on the quality of local leadership.

We recommend that legislation provide demonstration or discretionary authority to the appropriate Secretaries (Education, Labor, Health and Human Services, and Commerce) to facilitate the start-up of business-education collaboratives. Such authority would be similar to the discretionary funding currently utilized by the Departments of Labor and Health and Human Services to provide technical assistance to the twelve cities in the Boston Compact replication project.

Grant proposals should be developed and submitted by representatives from local government, education, and business. The proposals should promote the idea of education as a community issue, and should propose system-wide approaches to problems, rather than individual program-oriented solutions. In order to be eligible for the incentive grants, communities would have to propose:

- to initiate collaborative efforts involving a number of public and private entities, including local government representatives, the education system, and members of the business community;
- to develop systems for better coordinating the provision of existing and new services to youth, especially at-risk youth;
- to develop quantifiable goals and objectives for improving the local education system and the transition between school and work;
- to reallocate some existing federal, state, and/or local funding to support programs delivered as part of the collaborative effort; and
- to raise some net new money for program services.

Money from the proposed grants could be delivered directly to recipient communities, or to an intermediary responsible for providing technical assistance to a number of recipient communities (or some combination of the above). Money might also be funneled through a few states which were willing to develop state coordination plans. These states would in turn fund communities which met the above requirements.

If the money went directly to recipient communities, some entity would have to be established to provide technical assistance to the recipient communities, and to serve as a clearinghouse of information on collaborative efforts. Without such an entity, recipient communities would not have access to information about best practices, and would waste time and money reinventing the wheel.

Grants could be used to support technical assistance and planning activities, as well as to fund staff responsible for managing the project. Grants could also support some program activities, though recipient communities should have to provide a plan for gradually assuming such expenditures (as well as the expenditures for staff) over some specified period of time.

Communities which receive the incentive grants should agree to participate in an evaluation and to provide relevant information to the agencies which fund them.

We have found six criteria to be crucial in determining whether a city is likely to be successful in forming a collaborative, and therefore a good candidate for receiving demonstration funds. These criteria could be included, at least as guidance, in legislation establishing incentive grants:

1) High level of commitment from the local business community, with a demonstrated interest in educational issues.

2) High level of commitment from local school leadership.

3) History of successful partnership efforts in the past.

4) Reasonable economic health, including the potential for future job creation, in the community.

5) Presence of a viable intermediary organization to carry out day-to-day collaborative operations.

6) Potential for local funding by corporations, foundations, or public agencies, to sustain the project in future years.

While we are not currently working with anyone to develop specific legislation, we are happy to offer assistance to any Senator interested in these issues.

QUESTION: In your opinion are JTPA programs meeting the needs of hard-to-serve youth?

NAB Response: As I stated in my written testimony,

> The Job Training Partnership Act system is doing well at serving at-risk youth. According to a recent National Commission on Employment Policy study, 40 percent of those served by the system are youth, and among those youth served, over 28 percent are dropouts, compared to only 19 percent in the eligible population. After passage of the 1986 amendments, the General Accounting Office found that 21 percent of summer program participants were expected to receive remedial education in 1987, up from 8 percent in 1986. Furthermore, recent changes in the performance standards system enacted by the Department of Labor should encourage the provision of more basic and job specific skills and improve the quality of the skills training provided to youth.

The Job Training Partnership Act system is improving its ability to serve hard-to-serve youth each year; programs are being retooled, and more basic services are being provided. In regions where the economy is good and unemployment is low, service delivery areas are focusing almost entirely on service to the hardest-to-serve.

A view of the national aggregate data may suggest to some that JTPA is not serving the hard-to-serve. However, only a limited number of participant characteristics are captured through national data collection. We know that there are many disadvantaged youths with serious barriers to employment that JTPA serves and serves well, whose characteristics don't show up in the national summaries. Youths with drug and alcohol abuse problems have been served in many service delivery areas, but the extent of service to these youths is not recorded. We won't know the extent of service to youths with reading skills below the 7th grade level until program year 1988 data is collected.

I believe it is important to keep expectations for the Job Training Partnership Act in perspective. Programs have been perceived inaccurately in some published evaluations either as serving only the easiest to serve, or as expected to serve only the harder to serve. Most communities strike an important balance between many competing needs and population groups seeking services. Program administrators and service providers believe they are serving the hard-to-serve, and serving them well, while still meeting federal performance requirements.

We are in the process of conducting a number of roundtable discussions with members of local private industry councils, public officials, and program administrators to examine exactly the issues of the types of services provided under JTPA and "creaming." Most of the individuals we have talked to would take a strong exception to the accusation that they "cream" the easiest to serve from the eligible population, but they would acknowledge that the understanding of "hard-to-serve" is relative in various local circumstances and that there is little consensus, even in the minds of federal policy makers, about the definition of hard-to-serve.

A few anecdotes may serve to illustrate the dilemma of reconciling nationally aggregated data with expectations of JTPA programs to serve the hard-to-serve. In the case of individuals who have multiple social and educational barriers to employment who apply for JTPA services, there are many areas where cooperative arrangements are made with other social service agencies and schools to provide services for referrals from JTPA to overcome a variety of social and educational deficits. This coordinated approach to services is another important federal goal of JTPA. It is usually the JTPA system that patiently sets them up. In some cases, the schools would then refer the individuals back to JTPA with the GED degree in hand for enrollment in job training. On paper, this individual who was clearly hard to serve upon initial referral is shown on the JTPA report as a high school graduate or equivalent and viewed as easy to serve in the aggregate.

On the other extreme, service providers argue that it would be inappropriate for JTPA to take on all the time and costs associated with serving the most difficult cases to the degree magnified by congressional expectations. With scarce resources available, local decision makers could not justify the full range of services necessary for difficult cases that could take 2 to 3 years for some school dropouts or problem youth, cost between $15,000 and $20,000 per client, and have a 35% to 45% success rate at the end. The question is would either Congress or local officials accept such a program given the high demand for services among the eligible population. At the current level of funding, communities are choosing to serve as many needy people in their communities as they can, and they feel compelled to serve a lower proportion of the hard-to-serve than they might if their funding were less limited.

Congress granted a large amount of flexibility to states and localities to determine the types of services to be provided and the people to be served under the Job Training Partnership Act. All of the individuals served are near or below poverty level income, or have other special barriers to employment. Individual states and localities have found their own balances in service to various population groups. If Congress expects a different balance to be struck, it will need to change the JTPA legislation, tightening up on eligibility requirements, possibly increasing the percentage of funds that can be spent on support services, and probably increasing the total amount of money devoted to the employment and training effort.

My initial suggestions for how JTPA could improve services to the hardest-to-serve youth would probably include:

- better targeting resources to areas with high numbers of at-risk youth,
- better disseminating information about successful employment and training programs for at-risk youth,
- increasing service providers' flexibility to provide support services to at-risk youth,
- reviewing again whether current performance standards adequately meet the needs of a more at-risk youth population, and
- finding better ways to inter-relate all of the programs providing services to hard-to-serve youth at the local level.

I would be happy to provide you with any more information you want.

Senator SIMON. Mr. David Ziska is the Community Relations Manager for the IBM Corporation in Miami. We are very pleased to have you with us.

Mr. ZISKA. Mr. Chairman, thank you very much. I appreciate very much this opportunity to testify before this Committee.

First, what I'd like to do is share my experience from the vantage point of my involvement in South Florida; and secondly, I would like to talk briefly about IBM corporate programs.

For the past two years, the Private Industry Council of South Florida has been operating a partnership known as the Cities and Schools Dropout Prevention Program. This program brings together more than 70 organizations and more than 200 people. And what makes this program so different and probably so successful is the scope of the program design and the duration of the assistance.

One of the things that Mr. Kolberg was mentioning is that we need longer-term programs, and we agree with that. This program actually follows the student through his or her high school career. It is intense, and it encompasses many aspects including counseling, advocacy, intervention, and even therapeutic treatment. It includes guaranteed summer jobs, part-time school-year employment, private sector jobs following graduation, academic assistance, and counseling support.

The Cities and Schools concept brings social service agencies into the schools to work with youth and their families. By doing this, we have decreased the counselor/student ratio which is normal in our school system of 1 to 450, to 1 to 50 in this program. These teams of counselors and social service agency personnel provide in-school counseling and home visitations.

The first year results were very encouraging. Ninety-seven percent of the 1,000 high-risk potential dropouts who were enrolled in the system were retained in school. And these potential dropouts are the highest-risk students who could be identified by the school profile by the administration and the teachers.

We expanded from these three initial pilot schools to 13 schools. Today, this program serves almost 2,500 Dade County youth, and we are still equally optimistic. This year, we have a 98 percent retention rate; to date, we have lost only 50 students.

We have also implemented the Career Beginnings Program that you have heard about. I won't mention any more about it other than to say it is an extraordinarily successful program, and we look to try and expand that in our dropout prevention program.

We feel these initiatives are making a very significant positive impact in the Miami community. Recently, the Dade County School System announced that the dropout rate had been reduced during the past two years from 29.5 percent to 24 percent, and we hope that this is only a start.

In the coming months, we will also begin to implement the National Alliance of Business Compact Replication Project that Mr. Kolberg talked about. We are very excited about this program because we feel it would let us evaluate the quality of education, something that we really haven't done previously.

My experience in South Florida suggests that the public/private sector partnerships such as the Private Industry Councils and others are working well. We have had some success stories, we have had some failures, but we have high expectations for the future. And my experience in South Florida is not unique. There are many other executives in Florida and across this country and many executives within IBM who have worked on similar programs and reflect their commitment and their companies' commitment to helping solve this problem.

Now let me talk about IBM. IBM is involved with the Nation's public schools for three essential reasons. First, we believe that a successful education system adds to the pool of skilled manpower that is going to be needed in our information society.

Second, in IBM we are convinced we can only succeed as a commercial enterprise if the communities in which we do business are in a healthy condition—that is both socially and economically.

And thirdly, we feel our business know-how enables us to make useful contributions.

In IBM's Corporate Responsibility Programs, priorities are given to initiatives where a viable partnership can exist, whether that is with our employees, other companies or other organizations.

IBM wants to support programs that help communities help themselves. We have a wide variety of programs to do that. They are described in the material that you have been given, so I am not going to try to cover them.

If you have any questions, I would be glad to try and answer them.

I would like to close with some recommendations for your consideration.

First, I believe that business must work to enhance the quality of education in America, and that means that business should be not only involved in these local partnerships and the implementation of the program, but they should be involved in public policy issues as well. That is at the local and the State and Federal levels.

Secondly, I think we should begin to place greater emphasis on raising the basic skill levels of the functionally illiterate. We have those in school, and we have them out of school—this is in reading, writing and math—prior to making any attempts to finding them jobs in the private sector or entering them into training programs, whatever they may be.

Business partnerships and our training programs I think should now become more concerned with achieving quality long-term employment for our participants, rather than working toward a goal of trying to meet a number of placements.

Thirdly, I would just like to make the point that Private Industry Councils are in place, and for the most part, they work. They should be strengthened and utilized. Where it makes sense, they ought to be considered the delivery system for our employment and training services, and where it doesn't make sense, they ought to be included in programs that affect this area so that you have the possibility of collaboratives, because the problems that we deal with require collaborative solutions.

This concludes my remarks. Thank you very much. If you have any questions, I would be glad to answer them.

[The prepared statement of Mr. Ziska follows:]

MR. DAVID L. ZISKA
MANAGER OF EXTERNAL PROGRAMS, SOUTHERN AREA
INTERNATIONAL BUSINESS MACHINES CORPORATION

BEFORE THE UNITED STATES SENATE
COMMITTEE ON LABOR AND HUMAN RESOURCES
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

WASHINGTON, D.C.
APRIL 27, 1988

Mr. Chairman. My name is David L. Ziska and I am the Manager of External Programs for IBM's Southern Area.

Thank you for this opportunity to testify before the Senate Labor and Human Resources Subcommittee on Employment and Productivity about my experiences in working with at-risk youth as well as the IBM community programs which focus on this same group.

First, I will share my experience from the vantage point of involvement in two public private partnerships in South Florida -- the Metro Miami Action Plan and the Private Industry Council of which I am a past chairman and currently Chairman of the Youth Committee.

Secondly, I will talk about IBM corporate programs which focus on not only education and training of at-risk youth, but also programs designed to ease the school to work transition.

For the past two years, Miami has been operating a unique public private partnership with the main focus of enhancing the prospects for success of at-risk youth. This partnership is known as the Cities in Schools Dropout Prevention Program. The partners are the Private Industry Council of South Florida, the South Florida Employment and Training Consortium, the Dade County School Board, and Cities in Schools.

The program brings together more than seventy organizations and more than 200 people to achieve two objectives: prevention of high risk youth from dropping out of school; and increasing their chances for successful lives after high school graduation.

What distinguishes this effort in South Florida from so many other efforts is not the diversity or number of organizations involved, although this is one of the largest programs in the nation, involving 2,500 students in 13 high schools. What makes this program so different and probably so successful is the scope of the program design and the duration of the assistance. The program actually follows the student through his or her high school career. It is intense and encompasses many aspects including counseling, advocacy, intervention and even therapeutic treatment.

There was a great need for this program. It was implemented after the school system projected that without some kind of intervention, 29% of its eighth graders would not complete their high school education. In response, the partnership elected to seek an innovative approach aimed at encouraging these youth to stay in school by offering incentives including guaranteed summer jobs, part-time school year employment, private sector jobs following graduation, academic assistance and counseling support.

We have found the Cities in School concept to be a good approach to this problem. The major reason is that this program actually brings social service agencies into the schools to work with youth and their families. Counseling is the primary tool. The program's design dramatically decreases the counselor/student ratio from an average of one counselor for every 450 students to one for every 50 in this program.

Teams of counselors and social service agency personnel provide in-school counseling and home visitations. They also serve as advocates for youth and their families, coordinate the access of resources, and deliver services. Probably most significantly, they relate what happens to youth in school and at home in such a way to identify problems and direct resources at minimizing the negative effects which may place students at risk of dropping out of school.

The counseling component clearly has been the most extraordinary aspect of this entire collaboration. The fact that more than 70 organizations are involved is testimony to this community-wide effort.

The first year results were indeed encouraging. Ninety-seven percent of the more than 1,000 high-risk potential dropouts enrolled had remained in school as a result of the program. Consequently, the program was expanded from the three initial pilot schools to 13 schools.

Today, the program serves almost 2,500 Dade County youth who have been identified by the school system as meeting a "potential dropout profile". The profile includes such factors as absenteeism, failing grades, low basic skills scores, learning problems, and disciplinary or other personal problems. All of these factors, we have found, clearly place these young people at a high probability of failure and dropping out of school. The results at the beginning of the program were encouraging. We are equally optimistic today. This year, we have a 98% retention rate, having lost only 50 students.

Another component of the overall dropout prevention focus in South Florida has been a program called Career Beginnings. It is an innovative nationwide youth program which the PIC operates in conjunction with Miami-Dade Community College.

It is funded through Brandeis University. Each year more than 100 private and public sector executives, managers or educators are matched with high school juniors and seniors from three areas schools. The goal is to provide one-on-one guidance and encouragement to youth seeking employment, and where possible, provide assistance in applying for a college enrollment.

Summer jobs and counseling are also provided. I am pleased to say that last year, one of the participants competed nationally and won a $50,000 4-college scholarship awarded by singer, Lionel Richie, thru Cities in Schools.

Again, these initiatives have yielded hope that we can make a significant, positive impact in the Miami community. Recently, the Dade County School system announced that the dropout rate had been reduced during the past two years from 29.5% to 24%. We hope this is only the start.

In addition to the dropout problem in South Florida there is major concern about the extremely high youth unemployment rate. There are a number of PIC programs focusing on this problem.

One of those programs is funded through the Wagner- Peyser Discretionary Fund and focuses services on discouraged, out of school, and unemployed minority youth. Program participants are provided with Employability Skills Training consisting of group sessions on job applications and interviews prior to being referred to interviews. The formal sessions are followed by individual counseling as well as simulations and role playing designed to enhance each youth's job retention. Upon securing employment, the staff continues working with the participant and their on-site work supervisor through the first 30 days of employment to further enhance job retention and success.

Another problem and focus is the illiteracy rate among unemployed youth. The PIC attempted to address this problem through a program of providing functional literacy training in three public housing projects. The program, itself, was not a total success. However, I think that sharing it with the Subcommittee will help put into context the problems, as well as the untapped potential, that we see lost far too often in our youth.

Unemployed high school graduates were provided with a combination of Employability Skills Training and On-the-Job Training (OJT), particularly from private sector employers. High school dropouts were given functional literacy training in the form of basic math, reading, and communication skills coupled with Employability Skills Training.

The academic portion of the program was alternated with work experience opportunities renovating and maintaining public housing units. Transportation to and from the worksites and day care was also furnished. Complementing these services, were intensive, individual counseling which included family and drug counseling. Upon completion of the program, youth were provided OJT opportunities with private sector employers or placed directly through the Wagner-Peyser Program.

The pilot literacy program was provided to residents of the Larchmont Gardens, Liberty Square and the Modello Public Housing Projects. I regret to say that the last two public housing project programs were unsuccessful. The primary reason was drugs. Police statistics indicate that in the Modello Housing Project 49% of the housing units are identified as crack houses or residences of crack users. More tragic, more than half of these residents are minors. We found it virtually impossible to recruit youth for jobs that paid $3.50 per hour when they could earn $150 a day as lookouts for drug pushers. Many of those not involved in selling drugs are users and are not motivated to better themselves through job training or employment.

In spite of the efforts of the PIC, the school board, criminal justice system, public housing and rehabilitative service agencies, and many others, we failed in this attempt. While we have abandoned this pilot program, we are continuing to search for other ways to impact this problem in public housing projects.

In the coming months we will begin to implement the National Alliance of Business Compact Replication Project based on the principles learned from the "Boston Compact", a business education partnership for education improvement, dropout prevention, and increased youth employment. Miami was selected by the National Alliance of Business as one of 12 cities for this program. The PIC and the Greater Miami Chamber of Commerce led the effort to obtain this project. A committed group of community leaders is working to implement it. We expect this program to improve and broaden the effort to assist our youth to stay in school, obtain a quality education, and be prepared to enter the work force or college upon graduation.

My experience in South Florida suggests that the public, private sector partnerships developed through the Job Training Partnership Act are working well. We have some success stories. We have high expectations for the future.

The youth unemployment rate, quality of education and dropout prevention are our major targets, We believe partnerships, such as the Private Industry Councils, need to be strengthened and utilized more often as a service delivery system for serving disadvantaged and at-risk young people.

My experience in South Florida is not unique. There are many other executives, and many executives within IBM, who have worked on similar programs and mirror the company's commitment to community programs which focus on job training, dropout prevention and education.

I would like to summarize some of IBM's programs and the motivating factors for my company's involvement in these areas.

IBM is involved with the Nation's public schools for three essential reasons.

First, because we believe a successful education system adds to the pool of skilled manpower needed in the information society. Second, because in IBM we are convinced that we can only succeed in a commercial enterprise if the communities to which we belong are in a healthy condition, both socially and economically. And third, because we feel our business know-how enables us to make a useful contribution.

In IBM's corporate responsibility programs, priorities are given to initiatives where a viable partnership can exist with our employees, other companies, and other organizations. By drawing upon our skills, we hope to contribute to the solutions of community problems as well as the attainment of our goals.

We set criteria to guide our community involvement. IBM wants to involve its employees, as well as to contribute its equipment and dollars, to community programs. We want these programs to be successful. IBM is after results, not just good intentions.

IBM wants to help communities help themselves. Our attention is focused on support to education; support to job training programs; support to local organizations responding to the needs of the disadvantaged, disabled, elderly, minorities, and women; support to preventive, hospital, and rehabilitative health services; and support of cultural activities..

As an example IBM's support to education and job training is explained below.

The Challenge:

The number of qualified youth entering the workforce is decreasing at the same time that the skill level required in the workplace is increasing. IBM believes this problem must be attacked head-on with partnerships between the private sector, government, and local/state education systems.

IBM's Approach:

IBM has been working with local businesses and education administrators to help improve the education and employability of youth. The initiatives address three key areas: (1) drop-out prevention, (2) curriculum quality, and (3) employability of non-college bound high school graduates. Current IBM corporate programs include:

- Summer youth work/study program
- Faculty loan program
- Community service assignments
- Fund for community service

- Job training centers
- High school co-op program

In addition to these corporate-wide programs, IBM employees are encouraged to support local programs such as:

- Private industry councils
- Adopt-A-School
- Teacher internships and training
- Summer youth programs
- Tutoring
- Career exploration
- Science fairs and competition events

Summer Youth Programs

In 1984, IBM and ten community based organizations (CBO) initiated a "Summer Youth Work/Study Program" in an effort to help high school students who were potential drop outs. The program, aimed at disadvantaged youths, combines a work experience with an educational component that reinforces basic academic skills. Twenty-five thousand dollar ($25,000) grants are awarded on a competitive basis. Twenty grants were awarded in 1985, and twenty-one in each of the last two years.

Each program receives an on-site visit to assess its results. In 1985, 420 students were served and measurable gains were reported in math, English, and reading levels. In 1986, the CBO's were encouraged to secure matching funds in order to serve more youth. As a result, over 800 students participated in 1986, and over 1900 in 1987. The plan is to serve over 2200 in the summer of 1988.

An example of local involvement in summer programs was IBM's role as the lead company in the New York City Summer Jobs '87 program. IBM CEO John Akers was the Chairman, and 25 IBM employees worked full-time with representatives from other companies to recruit 44,000 students and place them in summer jobs. The objective was to encourage the students to stay in school. As a commitment to the future success of the program, a computer system to allow job matching was donated by IBM to the business partnership that continues to administer the program.

Faculty Loan Program

Thru the faculty loan program, IBM grants paid leaves to employees to work full-time at educational institutions with large minority and disadvantaged student enrollments. During the current school year, over 20 employees are working with high schools or pre-college outreach programs.

Community Service Assignments

IBM employees are also granted paid leaves to work at non-profit organizations. Examples of agencies that have benefited are the National Federation of State High School Associations, Communities in Schools, and the Los Angeles Unified School District.

Fund For Community Service

To support our employees actively involved with non-profit organizations, IBM contributes cash and equipment in response to employee requests for grants to support qualified projects. This includes activities at the high school level.

Job Training Centers

IBM has been working with local businesses and community organizations in cities with high unemployment to provide training in data and word processing to those who cannot afford commercially available training. Many youth, upon graduation from high school, find they do not possess requisite job skills to enable them to enter the job market. Currently, 73 IBM supported training centers teach advanced skills for word processing, data entry and computer related occupations to the economically disadvantaged. The training is offered at no charge to the participants. Advisory committees, made up of local business people, determine the job skills to be taught based on their community's labor market needs. IBM loans the training equipment, provides equipment related supplies, and assists in the implementation of the program. This includes loaning IBM employees to serve as instructors if required during the first three years of operation and helping the center develop the curriculum.

The first IBM-sponsored center was opened in Los Angeles in 1968 in conjunction with the National Urban League and the Bank of America. Today, on a national basis, 29 programs are being administered in partnership with the Urban League, 15 with Opportunities Industrialization Centers (OIC), 6 with Ser-Jobs for Progress, and 23 with other local non-profit organizations.

Since 1968, more than 24,700 people have completed training in the 73 centers. In each of the last four years, the placement rate has exceeded 86%. At the present time, the equipment and IBM employee resources on loan to the centers are valued at more than 13 million dollars.

A study was done recently by IBM to quantify the financial impact the centers are having on their local economics. By taking a "return on investment" approach, the data collected from the centers indicated the total annual income of the 1987 graduates is over 55 million dollars. This is generating over 15 million dollars in tax/FICA payments from new entrants to the labor force that formerly were receiving public support payments in excess of 11 million dollars annually. IBM's conclusion is that there is a significant return on investment to the community from these programs.

Private Industry Councils

Because of the vital role the private industry councils (PIC) play in their local communities, IBM has encouraged its local senior management to seek appointment to the PIC. At the present time we are represented on over 60 local councils.

Local Program Involvement

A recent IBM survey showed that over 10,000 employees are involved in K-12 school programs in their communities. This includes tutoring, participating in Adopt-A-School programs, providing training and internships to teachers, and supporting career days and science fair activities. Some of IBMs major sites offer training in personnel and business management techniques to education executives such as school superintendents, principals and other senior administrators.

In closing, the following are specific recommendations for your consideration:

1. Given the importance of education in aiding at-risk youth, I believe that business must work to enhance the quality of education in America. That means business should become involved not only in very important education business partnerships but also in education public policy issues at every level of government.

2. Greater emphasis should be placed on raising the basic skill levels of the functionally illiterate unemployed in reading, writing, and math prior to making any attempts at finding jobs for them in the private sector. Business partnerships must be more concerned with achieving quality, long-term employment for participants rather than working towards meeting a placement goal.

3. **Continued funding for JTPA programs is vital to ensure that Private Industry Councils can continue to function in their communities.**

Thank you for your attention.

Senator SIMON. I thank you, and I would add I thank you parent corporation for encouraging you to do precisely what you have done.

Among other things, you talk about counselors—moving from one counseling for 250 students to one counselor for 50. I visited in New York City not too long ago and was talking with Felix Royhitan, who has been involved in finance there, and all of a sudden we found ourselves talking about education in New York City, and he handed me a copy of a speech he had written. I took it home with me, and in the speech I discovered he had some statistics for New York City Schools: there is fewer than one counselor for every one thousand students in New York City. Now, when you add to that the fact that New York City is a drug center for the Nation, they are just overwhelmed.

Mr. ZISKA. Yes.

Senator SIMON. That shift from one counselor for 250 to one counselor for every 50, I assume has resulted in a real improvement there; would that be correct, or am I jumping to a conclusion?

Mr. ZISKA. No; I think you are exactly right. The major impact that the increase in counseling gives is just phenomenal. We are able to do that by bringing into the school systems, on the grounds, social service agencies that are already in existence in the community. So we bring them in, we assign them a case load, and they work with it.

Senator SIMON. So that, if I may interrupt, you are not talking about a relatively small additional expenditure by the school—is that correct?

Mr. ZISKA. Well, there is a fair amount of cost. But to the school system, it is relatively small. What we try to do is use as much of the existing social service agencies that are there, that are already providing services, as we possibly can. Now, that doesn't solve all of the problem; obviously, there have got to be some other dollars. But a great piece of it comes from there, yes.

Senator SIMON. And then, as my staff can tell you, I was particularly intrigued by your idea that we encourage working together on the whole problem of functional illiteracy. No other major industrial nation on the face of the earth tolerates the level of functional illiteracy that we tolerate. And in your Point Number 2—and I would be interested, Mr. Kolberg, also, in any observations you would have here—are you talking about people who are within business, who are working for IBM or working for other businesses, are you talking about reaching out, or are you talking about both?

Mr. ZISKA. I am really talking about that I see three of them. One of them is they are in businesses, because we have a lot of functionally illiterates who are presently in business. We have a lot of functionally illiterate who are unemployed, and those are very difficult to place. And you have some functionally illiterate in school. So you really have three that you have to try and solve the problem for.

We find, I think, that there are a number of businesses right now that are looking at those kinds of problems within their own organization and have set up programs to encourage their employees to increase their literacy, and they have begun to do that. The ones in school, when we start looking at our dropout prevention program, one of the major parts of it is to raise the literacy level of those students.

What I was really thinking of more than anything was the ones that are out right now that have dropped out of school, who are functionally illiterate.

My own perception of this is that what we need to do is put some literacy training centers together. What I am looking to try and do in Dade County is that we establish a number of those around the county, which they could attend, and they would raise their reading levels, their math levels, their employability skills and other things of that nature. You could take people you are trying to place, put them in there for a period of time, raise them to a skill level, not to G.E.D., but rather just a skill level to make them functional in the workplace, then put them into one of our training programs, and then be able to place them. I think we would have a quality placement then, one that is going to last rather than one where you put somebody in and you hope they stick.

Senator SIMON. I couldn't agree more. And I would just add, for those who are in the business, one of the things back when I was in business that used to bother me more than anything was paying out unemployment compensation not for people who were in my businesses necessarily, but in others, people who cannot read and write just inevitably are going to be unemployed longer than people who have skills and can go out and find another job immediately. Otherwise, you just send those unemployment compensation costs up for a business.

Do you have any observations in this whole field, Mr. Kolberg?

Mr. KOLBERG. I think Mr. Ziska has shredded it out very nicely. The largest part of the 23 million who are functionally illiterate are working, and businesses don't always know who they are, but they sure find out who they are when they want to retrain them.

One of the key things, as I am sure you are aware, in the dislocated worker piece of the Trade Bill that I think is on the Senate Floor today is the money that will allow us, as people become dislocated, to help them become functionally literate. We have had to do that now in the auto industry; I think the UAW will tell you that somewhere between 20 and 40 percent of the auto workers who were laid off had to first be given the functional literacy then to proceed to become productive in the new skills that they needed to be.

There are a variety of other ways for those who are in school and those who are unemployed. Again, the JTPA system is very key to this kind of thing. It is one of many, but it is very key to filling gaps, to being flexible enough so that local people can decide, as Mr. Ziska has talked about, how do we want to do it in Dade County; what kind of centers do we need; what kind of help do we need with businesses that they cannot furnish on their own; what is our relationship with the school, and what needs to be done there.

Senator SIMON. Finally, Mr. Kolberg, you twice used a phrase that intrigued me, "systemic change". You deal with business primarily, but you also deal with schools a great deal. As you look at the schools in urban America, what kind—if I may steal your phrase here now—what kind of systemic change do we need to really provide quality education in urban America?

Mr. **Kolberg**. Mr. Chairman, I don't have long enough and neither do you to answer that properly, but let me see if I can shorten it up. First off, I am sure that you are aware of what the Committee for Economic Development has recommended, the Business Roundtable.

The first point I would make is that business organizations as Doc Howe and the Grant Foundation have looked at this question very carefully and have come up with a whole range of recommendations. But most of them have to go with what I call "systemic change". It is changing the basic schooling from top to bottom. It goes all the way from what you heard this afternoon—let us focus, as the CED said, on the early part of the years; let's have Head Start cover all poor children; let's have early childhood education for all those at risk; let's change the way we organize schools; let's give principals more authority, let's give teachers more authority. Let's see if we cannot stop the lockstep kind of approach that has worked for us very well for a long period of time that no longer works.

I could go on down that line. But the point and what I was trying to say by "systemic change"—you heard several of the witnesses talk about the different levels of business involvement that can go all the way from visiting a school, lending a person to give a course, all the way up to adopting a school, and then what we call the two top levels—and the two most important things now—are systemic change, which is to work with the school board and the school superintendent to change over a period of time the entire schooling process so that you cut the dropout rate.

We have got to in the next 15, 20 years figure out how to educate 100 percent of our kids, not 75 or 50 as we now are in center cities. That is what I mean by the kind of basic systemic change that has to take place.

You also heard earlier this afternoon something that I neglected to say, but I want to second, and that is schools are governed by law—State law, local law—and business needs to get involved as a very important actor at the State level. All 50 States now have changed the schooling laws and the process to some degree. But as Doc Howe said, we haven't focused on the deeply at risk.

Unfortunately as often, we have looked at the top 50 percent of the student body which goes on to college, and we have worried a lot about them. The bottom 15, 20, 25 percent, we haven't spent much time on. Business needs to understand that and begin to get involved in the policy process—how are we going to change the structure through law so that we do a better job of serving everyone?

Senator **Simon**. You might be interested to know that in Chicago, a group of corporations are getting together—you may be aware of it——

Mr. **Kolberg**. I am, yes.

Senator **Simon**. Having their own—"corporate school" is not the right word for it, but whatever it is—they just want to experiment in an inner-city area to see what can be done by just making really substantial changes and not having any of the rigidities which are traditionally imposed upon them.

We thank you both, and we thank all the other witnesses.

[Additional material subsequently submitted for the record follows:]

YOUTH AND AMERICA'S FUTURE:

THE WILLIAM T. GRANT FOUNDATION
COMMISSION ON WORK, FAMILY AND CITIZENSHIP

Chairperson

Harold Howe II
Harvard Graduate School of Education

Responses to the questions of Senator Dan Quayle re: The Forgotten Half: Non-College Youth in America, April 27, 1988.

1. Question: In your report you recommend an increased federal investment in children and youth of at least $5 billion annually over each of the next ten years, raised via taxes, shifts in domestic and military spending priorities, or other mechanisms. If this increase in revenue cannot be obtained, what other federal programs would you suggest consolidating or revising to channel limited funds to youth programs?

   Response: **Youth and America's Future: The William T. Grant Foundation Commission on Work, Family and Citizenship** was established to *summarize* recent research and evaluation of programs, policies, and practices which enhance the ability of young people to be successful as workers, parents, and citizens. We have not, on our own, evaluated programs and have no expert capacity to suggest existing programs that should be terminated.

   We did find a fairly widespread consensus that the Job Training Partnership Act was not functioning to maximum efficacy due to its limited ability to provide child care and training stipends to its enrollees, most of whom cannot participate effectively in training due to financial hardship and the burdens of child care.

   There is also clear evidence that JTPA "creams" the candidates for training by selecting who are closest to being job-ready and bypasses those hard-to-serve persons who, with intensive, comprehensive, and long-term intervention could derive the greatest long-term benefits to themselves and to society.

   The Commission found many examples of reasonably successful programs which serve only a fraction of the *eligible* populations, e.g., Head Start, WIC, Chapter One, Job Corps, JTPA, etc. That is the reason for our unanimous call for a minimum annual increase in federal funding of $5 billion, as well as increased state and local effort. And, again unanimously, we agree that taxes should be raised to make these investments in human resources if funds cannot be found elsewhere.

2. Question: Not only must we decide what proportion of the job training dollar should go for youth, we must determine what youth we should be spending it on. In emphasizing the need to target high-risk youth, do you advocate concentrating on dropouts and in-school dropout-prone youth while not involving high school grads?

   Response: As indicated in my response to the previous question, the Commission believes that first priority in the use of JTPA funds should be accorded to those hardest to serve, rather than to programs to reduce the high school dropout rate or to upgrade the skills of high school graduates. Our schools generally need improvement. They are, in fact, making a series of wide-ranging efforts to reduce the dropout rate. It would be a better use of limited resources to increase funding for Chapter One and to encourage its use in high school improvement than to focus JTPA's funds on

1001 Connecticut Avenue, N.W., Suite 301, Washington, D.C. 20036-5541
(202) 775-9731

the schools at the expense of out-of-school and out-of-work youth.

3. Question: In your Interim Report and your written testimony, you advocate channelling resources to existing programs that have been proven successful. What is your reaction to Senator Metzenbaum's Bill S. 1731 authorizing $400,000 to be appropriated over three years to set up 75 to 100 demonstration projects nationwide?

Response: We do not know all the considerations leading to Senator Metzenbaum's introduction of S. 1731. In general, however, it seems to us that there is ample legislative authority, but inadequate funding, to do what must be done. We would prefer to improve JTPA and to finance it better -- so that, for example, more than 1 of 20 eligible youth is served -- rather than to create new authorizations.

Sincerely,

Harold Howe II
Chairperson

7-26-87

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Brandeis University

Center for
Human Resources

Heller Graduate School
Waltham, Massachusetts
02254-9110

617-736-3770
800-343-4705

26 July, 1988

Honorable Paul Simon
Committee on Labor and Human Resources
United States Senate
462 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Simon:

Thank you for including me in your hearing on partnerships and "the other half" last month. I appreciated the opportunity to discuss the Career Beginnings program, and was pleased that Bill Spring of Boston, Marge Dwyer of Indiana and David Ziska of IBM and Florida also were able to report good experiences with this relatively new program for disadvantaged young people. The program is going very well, and as we look ahead to expanding it, your interest in a potential federal role is most welcome.

In your letter following the hearing, you asked that I address a couple of questions regarding the Job Training Partnership Act. I am pleased to do so.

First, what recommendations do I have for Title II-B of the JTPA? Let me answer that in this way: You may recall that I once ran the Prime Sponsor in Boston, and helped establish the Boston Private Industry Council there. If I still held that job, I would consider making the Summer Program the centerpiece around which I organized the rest of my youth employment programs, both JTPA and privately-funded.

I would look for ways to design a sequence of services for young people, starting at age 14 and running through high school graduation. I would look at public-service oriented, crew-based work for fourteen and fifteen year-olds, place sixteen year-olds in individual placements in public and non-profit agencies, and seventeen year-olds in unsubsidized individual placements in the private sector, followed by a school-to-work transition program or a Career Beginnings-like school-to-college program leading to appropriate post-high school outcomes. I would use my II-B funding to make all that possible, and then tie together this summer experience, which would be full-time for participating youngsters, into a year-round program which, in each school year, prepares young people for the summer they are looking ahead to.

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Roughly, here would be my flow of services:

Age 14 (roughly 8th-9th grade summer)

First work experience, public sector/community services assigned to work as part of crew, perhaps in own neighborhood, to reinforce community service values, wages paid by JTPA, Title II-B.

During school year, enrollment in II-A work maturity program, preparing for next summer's placement.

Age 15 (9th-10th grade summer)

Second summer of work, public sector, assigned in crews or individually (depending on performance first summer) to public or community agency, wages paid by II-B. One full day or two half-days devoted to remediation and workshops discussing work performance.

School year II-A enrollment focuses on educational remediation, stay-in school strategies, and preparing for next summer.

Age 16 (10th-11th grade summer)

Individual placements, "real jobs", in public and non-profit agencies, paid by II-B. Remediation continues.

School year II-A enrollment in career development workshops, enrollment in Career-Beginnings-type program with mentors, college prep courses, etc.

Age 17 (11th-12th grade summer)

Individual placements, unsubsidized in private sector. Public private partnership a la Boston Compact providing summer jobs, potential college financing, or post graduation jobs with business and college commitment.

School year enrollment in II-A takes the form of Career Beginnings or school-to-work transition program, leading to post high school outcomes.

This is a very quick rendition of what we here have been thinking a lot about. There are many details missing, of course, but this approach, in our view has two main things to recommend it: first, it makes good use of JTPA resources, and second, it starts earlier with young people and introduces them to work in a way which can, we argue, help them stay in school while gradually learning about the world of work first hand.

You may be interested to know that we are developing a way to implement this very strategy with the cities of "New Futures", a major initiative being supported in five cities by the Annie E. Casey Foundation, which is investing over $50 million in this effort over the next five years. They are combining such a strategy for youth employment with a focus on dropout prevention, encouraging delay of pregnancy and childbirth, and a case management strategy.

Your second question addressed whether I would favor JTPA giving SDAs the option of developing year-round programs, or at least combining year-round services with summer services. In a word, my answer is yes. Anything which makes JTPA a more flexible tool for serving young people at risk -- of unemployment, of dropping out, of too-early parenthood -- I favor. And the formula I outline above would be much easier to do if local practitioners didn't have to contort themselves to do what makes sense as they now do.

I hope that this is at least a little helpful. Please let me know if I can answer any questions this letter raises, or any others, besides.

Thanks again for the chance to testify and for your consistent support for these programs. Please know that those of us who work in this field are aware and appreciative of your efforts.

Sincerely,

Erik Payne Butler
Director

The
Indiana Partners
In Education Program

July 1, 1988

U.S. Senator Paul Simon
SD-644 Dirksen Senate Office
Washington, D.C. 20510

Dear Senator Simon:

Thank you so much for allowing me to contribute our experiences to the formation of legislation. We consider it a great honor.

What I have done is taken your questions regarding JTPA and private sector involvement in partnerships and asked JTPA, staff, and private sector to answer those questions. What you have attached are their responses.

I would like to point out that you will see a grand variety of responses here. You will also see that in my answer to your question (Can you replicate our state program in other parts of the country?) that I don't agree with some of the comments that are made by some of the statements in the letters. I am referring, for example, to the Metropolitan School District of Mount Vernon, and the superintendent's response, stating the person in charge of partnerships should be school staff. We find in most cases that is not a good idea because it throws the balance of the partnership off and toward education. Best results come from a mutual responsibility in setting goals, objectives, plans, and implementations. We have not worked extensively with Mount Vernon, so therefore, the philosophy we have and know to work, for this reason, may not be theirs.

A Project of the Indiana Economic Development Council, Inc.
8604 Allisonville Road, Suite 218, Indianapolis, Indiana 46250 (317) 576-0070

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In regard to Bob Koch's letter about having better legislation regarding unions, so that business can pay more attention to the matters of education: perhaps an idea would be to promote through federal legislation a better collaboration between labor and business that would provide a win-win situation for them. We have on the local level, for example, "Top Notch," a collaboration between the construction workers and the construction company owners on working together. Surely the matters of education and training are a common interest between labor and management.

Best regards,

Marge Dwyer

Margaret M. Dwyer
Director

Enclosures

cc:

Senator Dan Quayle
Betsy Brand
PatFahy

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The
Indiana Partners
In Education Program

July 1, 1988

U.S. Senator Dan Quayle
428 Dirksen Senate Office Building
Washington, D.C. 20510

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Best regards,

Marge Dwyer

Margaret M. Dwyer
Director

Enclosures

cc:
Senator Paul Simon
Pat Fahy
Betsy Brand

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GEORGE KOCH SONS, INC.
Established in 1873

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FAX 812-426-9724

May 16, 1988
(Our 116th Year)

Ms. Margaret M. Dwyer, Director
The Indiana Partners in Education Program
8604 Allisonville Road, Suite 218
Indianapolis, IN 46250

Dear Marge,

In response to your letter of May 9, enclosed are my answers to Dan Quayle's questions.

Please let me know if you need further explanation.

Sincerely,

GEORGE KOCH SONS, INC.

Robert L. Koch II
President

lw
Enc.

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ANSWERS TO SENATOR DAN QUAYLE'S QUESTIONS

5/16/88

1. What is the role of business in providing employment and training programs to at-risk youth?

   Since the meeting of "at-risk" is not defined, it is taken to mean young people in the age range of high school age through 20 years old who have been found guilty of breaking the law for any reason. Business has no role in administering the punishment or rebuilding such a person. This should be left to social agencies who specialize in this service. Business does have the obligation to present to these people the opportunities that lie ahead for them if they change their ways. When they have changed their ways, business owes them the opportunity to prove themselves. However, there should be no criteria to force employment of at-risk youth over non-at-risk youth.

2. How can the private sector be more successfully involved in business/education partnerships? What are the barriers in the current laws? What kinds of legislative changes can congress make to help encourage business/education partnerships?

   The private sector can become more successfully involved by simply devoting the time to the partnership, meeting and understanding the problems of the school administration and working together to solve them.

   A problem that exists is the power of the teacher unions. A law that congress could pass that would be of help would be to make teacher unions right to work unions, i.e. each teacher could decide on their own whether to pay union membership dues or not.

   Of course, tax incentives could be provided; but the pressure of the deficit is so great that no more tax give-aways should be authorized.

   Business has difficulty involving itself in social programs and partnerships now because of the pressure to be competitive in order to produce quality goods at prices that will beat foreign competition. Yet, we still have many laws in this country that permit shop and construction unions to have very much power and consume much executive resource time. Modifying these laws to limit the power of the unions to organize and to strike would conserve enormous amounts of executive and management time that would permit involvement in more social service programs and education partnerships.

Robert L. Koch II - President
George Koch Sons, Inc.

lw

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MILES

Diagnostics
Division

Miles Inc.
PO Box 2004
Mishawaka, IN 46544

May 17, 1988

Margaret M. Dwyer, Director
The Indiana Partners in Education Program
8604 Allisonville Road
Suite 218
Indianapolis, IN 46250

Dear Marge:

Thanks for those kind words in your letter of May 9th. It sounds like your life has been in the fast lane, with your testimony to the U.S. Senate Committee on Labor and Human Resources.

Here I want to respond to your request for information in as specific fashion as possible. These responses are based on my (1) business experiences, especially as Program Manager at Miles; (2) involvement with the Elkhart Partnership Program; and (3) membership on the Tech Prep External Advisory Group.

I like to use pictures and graphics, therefore, a flow chart has been prepared to help me explain my concepts. I hope this will be helpful in addressing the questions in your letter. Let me add some additional comments here for each of the 12 boxes:

1. As a first step, the local schools and the businesses need to get together and agree on a strategy. Keep this on a local level, as much as possible, so that community people have the ownership and benefits. I foresee a person, or people, from the school corporation's administration meeting with the local Chamber of Commerce leaders.

   Identify the mutual goals both can support. Ask the businesses for a set of specifications on required job skills expected from high school graduates.

2. Identify other successful model sites from around the country. What were their goals? What changes were made at those locations? How was success determined? What's in it for the businesses? . . . for the schools? Why bother? What were the key elements, the key catalysts, the key forces, who were the key people?

3. Some examples of quantifiable objectives are these: Businesses will increase by 15% over three years the hiring of local high school graduates to entry level positions, provided they meet certain skill level standards. Schools will increase by 15% over three years certain applied skills of the students in the middle two quartiles of the total student distribution.

   Businesses will make 10 presentations/year to local high school students on what the jobs are like, what skills are needed, and what the pay scales are. Schools will agree to hold five summer workshops to show teachers how to make Math, Science, and English more applied for the general students.

   There are many examples from Statistical Process Control to be used in Math. Miles Inc. recently conducted in-house classes for hourly employees on this subject. Businesses will provide examples to be used by the teachers for some of the applied examples.

4. Items 4-8 are some possibilities for how schools and businesses might work together. You are familiar with Tech Prep.

5. Our English, Math, and Science classes need to be more applied and hands-on for the general student. Curriculums need to be implemented which include labs, microscopes, writing job applications, elementary statistics applied to local manufacturing processes, and reading of business information.

6. You are familiar with the Elkhart model.

7. Local businesses could, with perhaps the technical help of the local schools, prepare video tapes of how they satisfy their niche in the marketplace. What are the end products? What are the raw materials? What do the entry level employees do? What skills do they need? What advice can the company give to the general high school student?

   Show them with TV pictures. Lead a discussion after the students have seen the tape. Show the students some of the products, pass them around, and demonstrate them.

8. Summer jobs for teachers would directly expose the teachers to practical examples that would be used in the classroom. We've done this at Miles.

9. Some sort of standardized test must be used to monitor the progress of the student. My experience is that teachers and school administrators quite universally resist any form of standardized testing, yet we must have this. Let the local school design a skills assessment test and give a rough draft to the businesses for their comments. ISTEP could likely be used for some or all of this testing.

10. Adjustments to the strategy and quantifiable goals will be made once the results of the standardized tests are in.

11. & 12. Businesses and schools will be expected to follow-up on the commitments they've made to each other. Kind of like marriage, right?

All of this will take money, for the schools especially. Resources will be needed by the schools for planning, making it happen, and measuring the results.

The questions you've asked in your letter are rather fuzzy for me. Give me nice technical, black/white problems, where clean second order partial differential equations can be applied.

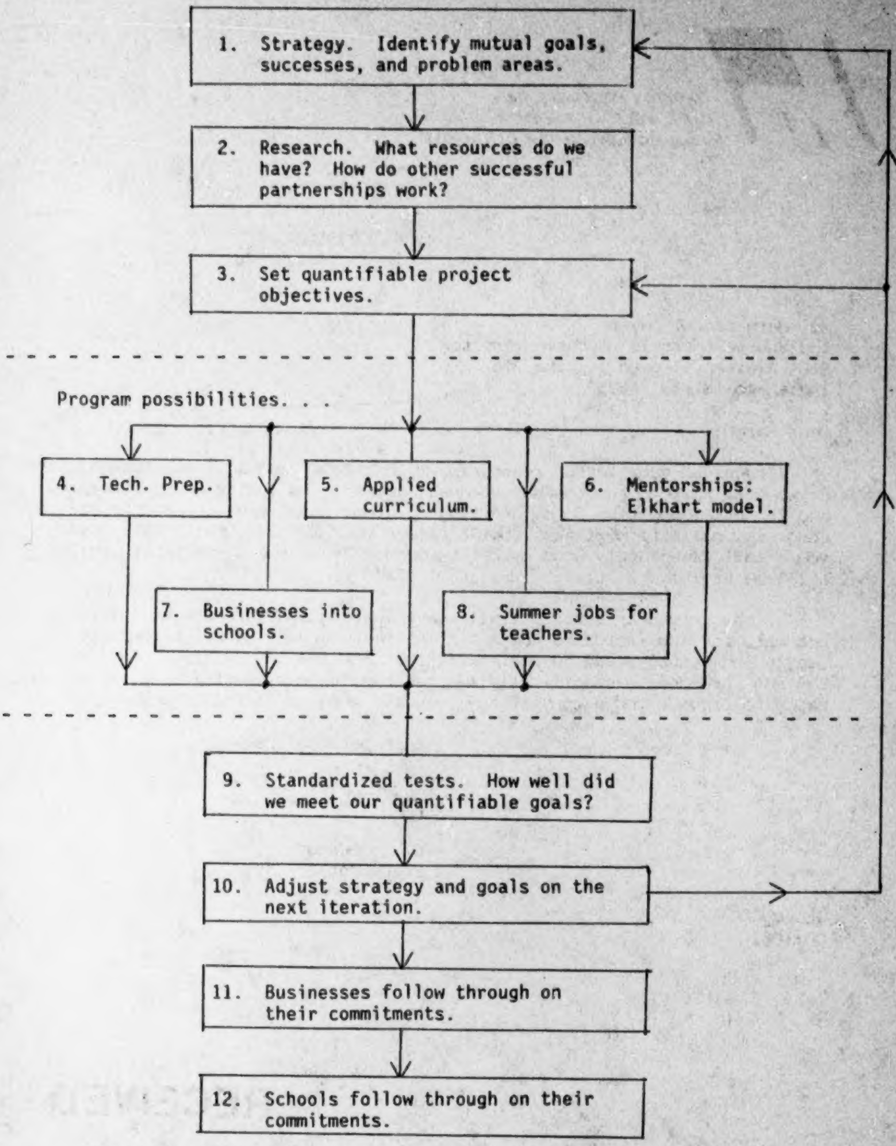
I'll be in Indianapolis on Friday, June 24th (Tech Prep External Advisory Group), maybe we can see each other then, let me know.

Sincerely,

Al

Albert Brunsting, Ph.D.

/bjb
attachment


1. Strategy. Identify mutual goals, successes, and problem areas.
2. Research. What resources do we have? How do other successful partnerships work?
3. Set quantifiable project objectives.
Program possibilities. . .
4. Tech. Prep.
5. Applied curriculum.
6. Mentorships: Elkhart model.
7. Businesses into schools.
8. Summer jobs for teachers.
9. Standardized tests. How well did we meet our quantifiable goals?
10. Adjust strategy and goals on the next iteration.
11. Businesses follow through on their commitments.
12. Schools follow through on their commitments.

HAMPTON ASSOCIATES, INC.
2511 E. 46th Street, Suite U
Indianapolis, Indiana 46205 • (317) 547-3553

May 23, 1988

Ms. Margaret M. Dwyer
Indiana Partners in Education Program
8604 Allisonville Rd., Suite 218
Indianapolis, IN 46250

Dear Marge:

I received your letter requesting my comments just as I was leaving for a two-week trip to the South. Because that trip is very tightly scheduled and is not a good time to be crafting opinions which are intended to affect Congressional action, I just couldn't meet your May 20 date. I will give you a call immediately upon my return on May 27 to see if my input would still be useful.

In the very near future, I will be preparing a comprehensive set of comments for submission to the Assistant Secretary of Labor, to Senators Quayle and Kennedy, and to Representatives Hawkins and Jeffords. While I had not intended to specifically address the issue of partnership, I will be happy to provide you a copy of the document when it is ready to go.

Best personal regards,

Lee

C. Lee Crean
President

CLC/cg
00:1062

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CAREER RESOURCES
NORTH CENTRAL INDIANA PRIVATE INDUSTRY COUNCIL

May 20, 1988

Margaret Dwyer
Director of Indiana Partners
In Education
8604 Allisonville Road Suite 218
Indianapolis, IN 46250

Dear Margaret:

Attached please find the information you requested regarding partnerships in Youth Programming.

Thank you for allowing us to provide comment on this issue.

If you need any additional information, don't hesitate in calling me.

Sincerely,

Pam Anderson

Pam Anderson
President

POA:RMK\mld

Attachment

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THE WORK CONNECTION
402 North Broadway Peru, Indiana 46970 (317) 473-5571

CR
CAREER RESOURCES
NORTH CENTRAL INDIANA PRIVATE INDUSTRY COUNCIL, INC.

Dear Senator Quayle:

Thank you for allowing the North Central Indiana Service Delivery Area this opportunity to provide comment on the issue of partnerships in youth programming.

The federal government can effectively foster partnerships and better serve youth by providing example, resource & guidance rather than mandate. The federal government could begin by acting as a model for cooperative linkages between the educational and the employment & training departments. This can be done by initiating new and highlighting existing cooperative efforts. Local level partnerships developed through federal mandate would be much less effective than those developed locally as a response to local level needs. In addition the federal government could increase the number of local-state partnerships by providing incentives through financial support and recognition.

The Job Training Partnership system has the perfect tool for effectively fostering partnerships due to the design of the Private Industry Council. The Private Industry Council membership includes representation from both business and education. Since the Private Industry Councils already have a background in initiating cooperative education linkages through JTPA 8% funds programming, they are in a strong position to further develop those partnerships and more effectively serve youth.

There are many examples in Indiana where the JTPA system continues to foster education and business partnerships. Included are as follows:

1) JTPA 8% local meetings - As mentioned previously, the local Private Industry Councils have been involved with programming for JTPA 8% funds. In addition, this year, local planning meetings were held throughout the state immediately after the governor's initiative for JTPA 8% funds were established. These meetings were attended by JTPA and educational agency staff who received instruction regarding the initiative. Together they then planned how the 8% funds could best be utilized in the local service delivery area to address community needs.

2) Partners In Education - Throughout the state, local Private Industry Councils support the Partners in Education programs. In some cases, JTPA funds contributed to, or totally funded this program.

3) ISTEP - Summer IIB Remediation - The governor's A+ program has designated through ISTEP that those youth who have not mastered certain proficiency levels must attend summer remediation classes. In addition, JTPA amendments require

Page two
Cont'd

that youth identified as deficient in basic math and reading skills must have access to summer remediation classes. To encourage cooperation in the provision of ISTEP & JTPA mandated summer remediation programs, the lieutenant governor sent letters encouraging both JTPA and school staff to jointly plan and/or fund these programs.

4) Statewide Youth Forum - Indiana has a statewide youth forum that allows a chance to develop professional relationships, and provides for and encourages sharing of youth program information. The quarterly meetings are attended by staff of any agencies that plan, administer or provide youth programming (including Department of Education, Department of Employment & Training Services, PIC/JTPA, schools and community based organizations).

With the federal government's encouragement & model, in addition to the local Job Training Partnership Private Industry Council's and educational agencies' cooperation, youth programming will be high quality and provide for the work force of the year 2000.

INDIANA BANKERS ASSOCIATION • ONE NORTH CAPITOL · SUITE 315 · INDIANAPOLIS, INDIANA 46204-2422 · (317) 632-9544

May 24, 1988

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MAY 25 1988
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Margaret M. Dwyer
Director
Indiana Partners in Education Program
8604 Allisonville Road, Suite 218
Indianapolis, Indiana 46250

Dear Marge:

In response to Senator Quayle's questions, the first being "What is the role of business in providing and training programs to at-risk youth?", I feel that one of the first obligations of business is to succeed so that they might employ people in the future and provide those goods and services that are needed. As part of that success program, we cannot burden business with ineffective programing and costs which prove to be detrimental to the success of the business.

That said, there are a number of things I believe that business can do and is doing in order to provide employment and training programs for at-risk youth. It seems to me that the support of business is there when a viable program comes along. Many businesses already pay tuition costs for their workers and furnish retraining for those who might be under-employed in their present situations. Several sponsor their own schools and provide apprenticeships and on-job training programs as needed. One of the areas where business could be highly successful is in the providing of motivation and work ethic training for their various technical training programs and in their job orientation program itself. It is in the best interests of all of us to have qualified people available to do the jobs of the future. It seems that these attitudes have to come basically from values which begin at home and are carried through to the school systems and later, to the job market itself.

Perhaps business assisted counseling would be another area where individual businesses might have more luck in motivating young people to reach for a higher plane as far as ability is concerned. Perhaps more long-range strategic thinking needs to take place in curriculum planning and in job training programs which would more closely relate to the jobs possibly available in the future. While all manual, heavy industry type jobs will not be eliminated, it does seem that most of the new job creation will take place in the high tech or "niche markets" and in the service markets. Probably the days of the high paid auto assemblyman are gone, and that is a hard fact for some people to accept. It seems to me that the reality is that things are going to change and continue to change in the future.

I believe the aware managements are looking for ways to provide meaningful opportunities and meaningful training programs to their employees or through programs aimed at those individuals who will be entering the job market at a later date. I believe school and business cooperation can take place as has been indicated by some of the programs put forth by the Indiana Partners in Education Program and can be very successful if business and the public sector can cooperate and if costs of such programs are kept to a reasonable level.

As far as the second question, "How can the private sector be more successfully involved in business education partnerships? What are the barriers in the current laws? What kinds of legislative changes can Congress make to help encourage business-education partnerships?", I have already indicated some of what I see as possibilities in business/education partnerships. The problem generally tends to center around financing. As I indicated before, business cannot subsidize the world and all of its problems. Legislatively, programs have to be initiated that encourage business to become involved in education. Those might be tax credits such as provided under some of the JTPA programs presently or some kind of off-set program that will enable them to create these opportunities at a reasonable cost to themselves.

I realize that most labor organizations are against minimum wage positions. However, it seems that if employers could hire at-risk youth or disadvantaged youth at a lower wage while providing training programs for them, it provides for a natural migration of that employee into a better status. It is simply not economical to pay the same wage for an experienced adult as you might pay for someone who has little or no training in the field and really needs more basic guidance or background education in whatever job they might be performing. In that light, some of the current laws probably tend to discourage businesses from maybe doing some things they might otherwise do. Of course, any changes that take place with regard to labor laws or taxation or subsidy programs generally require some kind of legislative change. It seems to me that an open discussion can only help to open doors and create awareness for the needs of the future.

Marge, I think that some of the contents of the Hoosier Initiative 21 preliminary report could be very helpful, and I would suggest that Senator Quayle receive a copy of that. I'm sure that Tom Rugh at United Way of Indiana can secure a copy for you if you don't already have one. I thinks it speaks very clearly to a lot of the needs. Hopefully, some of the solutions will come about as a result of this initiative.

I might add that certainly not everyone who participated in the program agreed with all facets of the program. I would certainly put myself in that category. I think there tends to be an opinion that all we have to do is mandate something, and it gets done. We need to provide the methods for things to be accomplished in the way of changes by trying some of the motivators I have mentioned in my previous comments.

As I started off by saying, if business is encouraged to participate in training and education and employment, that's a natural by-product of a successful business. If we put business in the position of not being able to succeed, we will never have the kind of public/private sector relationships and cooperation that we should have.

I hope these comments have been helpful to you.

Best regards,

Bill

William H. King
President

Hometown Federal Savings

Delphi, IN
215 East Main Street
P.O. Box 218, 46923
(317) 564-2695

May 24, 1988

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MAY 27 1988
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Margaret M. Dwyer, Director
The Indiana Partners in Education Program
8604 Allisonville Road, Suite 218
Indianapolis, Indiana 46250

Dear Margaret:

It is difficult to clearly define the role of business in matters traditionally assumed by education, and to do so at this time would seem premature. What must come first is a changing of attitudes and values; we must all assume ownership of the problems facing today's youth, and business must accept that education is an issue which impacts all levels of the economy. We must fully understand the nature and cause of a problem before it can be solved, and then strive to prevent and manage rather than simply react. As REFAC's Eugene Lang has observed, "The education problem exists on two levels, and you only get to the second after you have dealt with the first."

If higher educational standards are part of the answer then the issue of accountability must be addressed. As U.S. Undersecretary of Education Linus Wright has stated, "If executives are concerned about education's failure, you would do well to get involved in determining what these standards ought to be and help establish a way to ensure quality of output." Business must assist education in restructuring its curriculum to more effectively meet the needs of our economy, at the same time providing more efficient organization and administration to a chaotic and confusing system. We must make available resources which will help education reach its objectives, and in doing so help define the nature of those objectives.

Successful involvement by the private sector in partnerships depends on cooperation, compromise, and sharing. The cultures of business and education are very different and often misunderstood by one another; we must open the lines of communication and become willing to accept different perspectives. Priorities differ, but with compromise common objectives can be determined and achieved. A sharing of resources and potential benefits is vital; everyone involved needs to both contribute and receive. Once again, these issues raise the question of accountability. Business, education, and the community as a whole is responsible for the problems and their solutions.

Offices

Brookston
Prairie at Seventh 47923
(317) 563-6400

Burlington
P.O. Box 387 46915
(317) 566-3336

Rossville
Drawer I 46065
(317) 379-2416

Lafayette
Loan Agency
2000 S. 22nd St. 47905
(317) 477-6333

Our biggest barrier is a system which accepts mediocrity; our youth are not reaching their potential because we don't require them to. Incentives for performance must be adopted in education for teachers as well as students. School corporations must be allowed to compete for the best and the brightest, and those that cannot compete will fail, just as any business would. A high school diploma should be required for any and every job, no matter how menial. Until society raises its expectations, the individuals who compromise that society will remain uninspired. The most glaring example of this problem is the welfare system; people are paid not to work. If they find even part-time employment, they no longer qualify for assistance so the incentive is to remain uneducated and unemployed. This creates a negative role-model for welfare children, and perpetuates a heritage of economic failure and unproductivity.

We can't legislate changes in values and attitudes; laws pertaining to sex and race discrimination are clear evidence of this fact. We can, however, make legislative changes which, in the long run, may encourage people to raise their expectations, and in the process change their attitudes and values regarding job, education, and social performance. There is no such thing as a quick fix.

The basic problem as I perceive the educational process today is lack of support by many parents toward school authorities. It must be extremely difficult for some children that in many instances have no encouragement from home by either one or both parents as to their educational endeavors. Until the Congress of this Country removes the barrier placed between the school systems, efforts such as ours will be totally futile.

As I have expressed for many years with regular job training and reconstructing of the former CETA program, we involve ourselves in too much unnecessary paperwork that discourages private enterprises to not become involved in the educational program. Many programs are so structured that they do not permit the necessary latitude I feel is required to encourage more participation by private industry in these extremely critical areas.

Very truly yours,

Theo R Webb

Theo R. Webb
President

TRW/sko

May 25, 1988

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MAY 27 1988
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Ms. Dwyer, Director
The Indiana Partners in Education Program
8604 Allisonville Rd., Suite 218
Indianapolis, IN 46250

Dear Ms. Dwyer,

Thank you for the opportunity to provide comments on the question "How can the Federal Government and the Job Training Partnership Act system effectively foster partnerships and better serve youth?"

The issue of effective services to youth is a challenging and disturbing one without easy answers. At the heart of this concern is the need to prepare the American workforce of tomorrow from the ranks of the school children of today. Our ability to maintain or improve our economic position in the globalized system we are now a part of depends on our capability to prepare the workforce to meet the demands of the workplace.

The Federal Government should participate in this challenge by :

1 Assisting in the development and distribution of of educational methods and materials which will achieve the goal of preparing youth for there entry into the workforce and provide them with the skills to adapt to the changes inherent in a rapidly changing environment of foremost importance are the development of cognitive and creative skills which will allow America to put to practical use the developments and achievements that the scientific community has developed to date and, no doubt, will continue to develop in greater fashion in the future.

2 Encourage, through Private Industry Council and Local Education Organization partnerships, the development of effective programs which assure that what is being taught in the classroom is linked to the needs of the workforce. Innovative linkages such as the "Boston Compact" should be packaged and replicated nationally.

3 Encourage the development of school-based and industry-based Child Care centers so that having children does not continue to create an artificial barrier to education or employment, robbing this country of a major natural resource-people-which will be critical to the continued expansion of our economy in the future.

PIC
PRIVATE INDUSTRY COUNCIL OF SOUTHWEST INDIANA
222 NW THIRD STREET • EVANSVILLE, IN 47708 • (812) 422-9300

4 Encourage on-going education and training beyond the classrooms at industrial sites and elsewhere, so that workers do not rely only on the skills they have when they enter the job. Youth and adults are now earning the hard way that the job skills, and the jobs, that they have today may not be there for them in the near future.

5 Fund innovative approaches to cooperative education initiatives. Linking schools to business has had more success internationally than in the U.S. and we must be willing to try the old "tried-and-true" techniques as well as the new and experimental.

6 Focus national attention on the national drop-out crisis, and the effect of illiteracy on this country's productivity. Unless these trends are reversed, our national "braintrust" will certainly be exclusively imported.

Ms. Dwyer, these are just a few ideas on the subject and serve only as departure points for further discussion and exploration. I hope you find them to be of value. If you would like to discuss any of these ideas, please feel free to contact me at (812) 422-9300.

Sincerely,

Jerry Yezbick

Jerry Yezbick
Executive Director

JY/df

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON

1000 WEST FOURTH STREET MT. VERNON, INDIANA 47620-1696 812-838-4471

June 6, 1988

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Ms. Margaret M. Dwyer, Director
The Indiana Partners in
Education Program
8604 Allisonville Road, Suite 218
Indianapolis, Indiana 46250

Dear Ms. Dwyer:

This is in response to your letter of May 31, 1988, regarding needs to be addressed dealing with the Federal Government and the Job Training Program Act.

As a small district, we have not found the present programs to be particularly effective in any way. A direct reason for this is simply that we do not have the staff available to do the supervising and coordinating necessary between local business and the schools. We do not have staff members who can dedicate their time for this kind of project. There is no way that we can possibly fund such a position with local school funds.

If funding were available for us to employ a person dedicated to this effort, we would be pleased to give it our careful consideration. We believe that we have sufficient industry and business support in this area that could lead to a most effective program. However, we are unable to take any significant steps in the absence of adequate funding. We strongly believe that this person must be an employee of the school system and under its direct supervision. If we are to effectively foster partnerships in an effort to better serve our young people, it is imperative that we have the necessary funding to staff the position with support personnel to make it work.

Please contact me if I can provide any further information.

Sincerely,

John H. Emhuff
Asst. Supt. - Instruction

JHE/nrr
cc: Melvin J. Levin, Superintendent

The Federal Government and JTPA can effectively foster partnerships & better serve youth by funding training programs geared to improve literacy skills of youth in entry level job positions. Projects, which are partnerships between adult education programs & business & industry, can be designed & implemented to use basic reading, writing & math instruction to increase productivity or prepare employees for advancement.

Beth Hensley
(teacher)
Lafayette Adult Reading Academy
604 N. 6th St.
Lafayette, IN 47901
(317) 742-1595

BEST AVAILABLE COPY

The
Indiana Partners
In Education Program

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JUN 3 1988
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31 May 1988

Dear Colleague:

Because of the success of the Starke County Partners in Education program between the Kankakee Valley Job Training Program, the three school corporations in the county (North Judson-San Pierre, Knox and Oregon-Davis) and local businesses, (please see attached program summary), I was invited to testify before the Senate Committee on Labor and Human Resources. There is a great deal of interest on the part of this Senate Committee on revising JTPA legislation to make it more serviceable on the local level. I recommended that the Senate Committee gain input from local JTPA administrators, staff, educational institutions, and business persons in order to form legislation that would be helpful to these groups. Enclosed you will find correspondence from Senators Paul Simon of Illinois and Dan Quayle of Indiana.

In order to respond to their questions regarding the Federal Government and JTPA systems working effectively to foster partnerships and better serve youth, I am requesting your assistance in submitting my response.

The following is the question which needs to be addressed:

1. How can the Federal Government and the Job Training Program Act system effectively foster partnerships and better serve youth?

Please be as specific as possible in your commentary by citing statutes, anecdotes, and, feel free to be creative in your suggestions.

A Project of the Indiana Economic Development Council, Inc.

8604 Allisonville Road, Suite 218, Indianapolis, Indiana 46250 (317) 576-0070

Thank you in advance for providing us with this commentary. It can only serve us well in this State by bringing us the legislation that will help us in our endeavors.

Please send your written or taped commentary to me at the address below. I will assemble this information and send it on to Senator Quayle. Please have it to me by June 10th.

Best Regards, (Go)

Margaret M. Dwyer

Margaret M. Dwyer, Director
The Indiana Partners in Education Program

encls.

Working with at Risk students standard are too high 80% on Competencies not realistic!

The window 10% should be greater Say 25%

Unit fixed prices: School boards are not interested in taking risks on Contracts. Most school boards does require that standards are met and have credibility.

The
Indiana Partners
In Education Program

July 1, 1988

U.S. Senator Dan Quayle
128 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Quayle:

The following is my response to your question , "Do I think the success of private sector education partnerships can be replicated in other parts of the country?" My answer is a very enthusiastic yes, based on the existence of a number of conditions, which I'll explain further in the text. The importance of these conditions have been determined through my own and my colleagues' experience of about thirty combined years of working with communities, private sector, and education in collaborative ventures, more recently and specifically in education, training, and the development of the adult and the young worker.

I would say the most important thing to replicating our success is to have solid funding for five years. This should occur in conjunction with solid funding to other partnership efforts that show great promise, like: Career Beginnings at Brandeis University; the American Express Corporation's High School of Finance; the Portland Investments Program in Portland, Oregan; the Brain Power Program in Rochester, New York; and Partners in Education in San Diego, Seattle, Washington, and St. Louis, Missouri. Solid funding for five years would allow program directors to spend their time working at delivery of the program rather than spending a third to a half of their time seeking funds and providing multiple sets of reports to various funders.

The lessons that we have learned in the last two to three years in the state of Indiana with the Indiana Partners in Education Program are lessons that we are now applying in our own state and across the country as we provide them with consultation. Longevity of a partners program would allow us to gather and analyze information, to learn from it, and to supply others with the elements that will make them successful.

A Project of the Indiana Economic Development Council, Inc.

8604 Allisonville Road, Suite 218, Indianapolis, Indiana 46250 (317) 576-0070

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Our recommendations for replication in other parts of the country are presented under the following headings:

I. What Partnerships Need for Success
II. When Do Partnerships Work Best
III. What Partnerships Can Do
IV. What We Have Yet to Learn Through Additional Implementation of the Program
V. What Has Helped the Project
VI. What Has Hindered the Project
VII. Additional Considerations for National Legislation

Best Regards,

Marge Dwyer

Margaret M. Dwyer

Enclosure

cc:
Senator Paul Simon
Betsy Brand
[redacted]

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I. What Partnerships Need for Success

1. IPIEP's definition of partnership is considerably different than the norm. That definition is: "Partnership is a long term relationship between business, education and community by which mutually important needs that relate to educational excellence and economic development are identified and met through collaboration." Partnerships from whom we receive data subscribe to IPIEP's "Principles and Steps of Partnership."

* 2. Business must equally set the agenda with education in the community, be a decision-maker, a policy-setter, implement,monitor and evaluate programs, be relied upon to apply business methods, practices and standards for instruction and management of education.

* 3. IPIEP's "Principles and Steps" can provide substantive instructional outcomes necessary for consistent success. These principles were evaluated by Western Michigan University and other researchers as necessary for good partnership.

+ 4. An atmosphere relieved of too many combined and drastic stresses within the school corporation, business and community.

* The program must have an organizational structure like IPIEP's, an operational and technical assistance like IPIEP's.

*+ 5. A period of relationship building is essential before a partnership can deal with the hard issues of good instruction and instructional outcomes in curricula.

*+ 6. The partnership relationship must be strong before it can readily and easily deal with at-risk, disadvantaged, and special education students. Educators do not want the community to see partnerships deal with those issues that are less than positive. It's very much like not discussing sex, politics or religion with a new acquaintance. Curricula, instructional outcome, management style of administrators, business' weaknesses and their educational needs; are the sex, politics and religion issues. Partnerships don't take on those substantive issues, and remain parochial and myopic in their perceptions unless they are:

* supported by database
# needs more data
+ other sources

*+ (A) ...motivated to do so by incentives, e.g., public and national recognition, monetary grants, close technical assistance, monitoring and constant guidance--the educational system must be pressured or leveraged into dealing with critical issues so that they see that not dealing with them will put them at risk of public failure or dissolution.

(B) ...provided research assistance to interpret the macro-picture of the future and its impact on their community. Partnerships do not do well without points A & B. Partnerships do not deal with fundamental issues of education and community.

(C) ...are influenced by the findings of research and practice.

* 7. Partnerships need community pressure, high motivation and incentive so that disenfranchised and disadvantaged youths and adults will be included in the program. Partnerships must ensure that the disadvantaged and disenfranchised child is not looked upon as an uncomfortable relationship.

* 8. Partnerships need to be developed with long-run goals as the focus since they are not a "quick, easy-fix" for problems.

9. It is essential that decision makers can set aside their differences and work congruently for the common goal. The "Principles of Partnership" state that a common critical issue is necessary for substantive outcome. Without a common understanding of the critical issue and its impact, THE COMMUNITY IS NOT MOTIVATED TO COME TOGETHER AND PUT ASIDE THEIR DIFFERENCES AND THEIR TURFISM.

* Businesses require specific objectives, call for learner outcomes, i.e., what the learner will be able to know and to do, process objectives, and view education as the provider of their most valuable resource, the human one, not unlike the relationship they have with a supplier by the raw material or a process without which their business will not survive. The metaphor here is for business, that if the steel mills could not get iron ore or if the refineries could not get oil, they would immediately work with their

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suppliers to come up with a solution to the problem, because they know their survival depends on it. They would be aggressively and actively without hesitation moved to resolve the problem. The same kind of behavior needs to occur with the human resource.

*+ 10. The school system must have access to those with expertise to provide instructional and/or curricula assistance to educators. In some situations expertise has been brought in from university schools of education and independent consultants, who are known for their expertise in instructional practice. A CRITICAL ISSUE IN THE STATE OF INDIANA, PARTICULARLY IN NON-POPULATED RURAL AREAS, IS THE NEED FOR MORE SOFHISTICATED CURRENT INFORMATION ON PRACTICES, RESEARCH, AND INSTRUCTION. We have the research, but the methods to put the research into practice are not known or supported widely.

*+ 11. Partnerships are more successful when the business people are the primary leaders. We will be able to prove, by computer analysis, that business people have a better track record of being able to operationalize ideas than most educators. At this point, I would guess that the balance of power should lie on the side of business, if they have the experience to operationalize and require performance. Our staff looks for demonstrations of this kind of skill.

II. When Do Partnerships Work Best?

* 1. Partnerships work best when they adhere to IPIEP's definition. To elaborate on that definition:

A. "Relationship" means that partners are willing to talk about the "sex, politics and religion" issues of instruction to get the problem resolved. It also means several years of commitment.

B. Mutual needs are bottom line issues for business and education. In other words, business, its profits, future, clients, and employees. For education, its the school's services, future, clients and employees. Mutuality also indicates they have jointly identified and prioritized problems and issues affecting the community. Working together means that both parties bring resources to the table and jointly provide instruction.

C. When the issues have been identified, both parties work together in a synergistic way. However, a principle of partnership indicates that business' primary responsibility is to their learners, and education is responsible for their learners.

D. Another feature of this definition is the "quid pro quo" understanding on all levels of the partnership.

* 2. Partnerships work best when influenced by a group that has global, national and statewide perspectives on: demographic trends; economic forces and changes; instructional methods; learner characteristics, development and behaviors; sound research and practice; management and leadership styles and abilities; programmatic ideas that work well for certain kinds of populations; and, when the guiding agency has the ability to motivate through incentives, i.e., grants, funds, recognition, rewards, and pressure.. IPIEP tries to be an example of such a group. It sets high expectations, monitors, trains, coaches and evaluates on site.

* 3. a. Partnerships work when the "Principles and Steps" are followed scrupulously. They are used by our staff and managers on site to monitor possible problems and help assure success.

b. Some of the more important principles deal with grassroots issues; the survival issues; planning between the individual educator and business persons who are the first level of implementation. The individual instructor/teacher and the management/worker must be involved in the buy-in at the outset of the project prior to decision making and training, goal and objective setting, planning, implementation, monitoring and evaluation, or the program will not be successful.

* 4. Partnerships work best when the individual educator has a high level of education in instructional methodologies, and in curricula related to the needs of the learner. We see partnerships working well with special education teachers and "gifted and talented" teachers. "Average" students, because of their instructor's lack of sophisticated training and methodologies as it relates to their characteristics and needs, have a more difficult time becoming involved with partnerships. IPIEP tries to overcome this by providing good partnership project examples and site consultation.

5. In order to provide these experiences partnerships must have substantive learner outcome, particularly as it relates to employability skills. Our research and experience have found the following is necessary.
a. That partnerships include all aspects of the community in a long-term relationship which will deal with mutual critical issues through goal setting, planning, risk taking, joint implementation, monitoring and evaluation. Education, along with business and the community should set the agenda. Partnerships are a collaborative effort and the agenda should not be set by representatives of just one group.
b. Each partnership must be free to develop its own projects based upon objectives that relate to the community partnership goals.
c. The learner, whether it be adult or student, must be actively involved in the planning process, the design, implementation and the evaluation, rather than simply be the beneficiaries--we have found that the employability skills needed now and in the future, those of leadership, analysis, problem solving, decision making, taking responsibility, are learned through the practice I have just described.
d. Partnerships must have accountability for learner outcome, and must be made accountable for outcome through excellent management, structure, organization and communication evaluation systems.
e. Partnerships are an expanded method of learning and provide for differences in learning styles, psychological and physiological development, as well as, social and economic circumstances and motivators.
f. Business and education _know_ that they can educate and train, _regardless_ of ability levels, ethnic, cultural and socio-economic backgrounds. _Our greatest disservice to the learner is to cast him/her in the light of the non-learner and not have high expectations of his/her abilities._ Business can provide application of educational theory. It can provide a broader vision of life and the use of knowledge, not only in the work place but in one's personal life. Business and community interests can provide positive adult role models.

* 6. We are adding a new "Principle of Partnership", which will be that planning for projects must relate to the objective as well as the characteristics of the

learner--youth or adult. We have found that the prevailing tendency is to come up with a program idea and not to consider the learner's characteristics, and clear-cut learning objectives for knowledge and skill development. The result is that the learner is squeezed into fitting the program design, and programs frequently fail because they don't meet the needs of the learner.

III. What Partnerships Can Do:

For the Student:

* A. Provide instructional methodology that allows them to:
  (1) apply theory to actual practice
  (2) experience that application
  (3) question and work with practitioner
  (4) see the impact of that application on the product, the service, the world and the community
  (5) see the quality or lack of quality of application as it affects them -- in other words, good job/good results, bad job/bad results.

We know that learning occurs best for anyone when application of knowledge as a learning strategy occurs in a real world setting. This is not easy to do within the classroom. While we also know that the characteristics of learning for certain groups of youngsters and adults, those who are very active, kinesthetic, tactile, have short attention spans, have not had good experience in learning through reading, but through observation and hands-on activities), indicate better results with this application method.

* B. Change an adults negative, possibly pre-conceived notion about a student. The adult often discovers during the encounter, that the child's true ability and potential will begin to emerge. Also, other positive personality traits begin to surface.

* C. A broader vision of life which occurs if the centralized partnership entity requires that the community not be parochial in its objective and in its involvement with business and community partners. We work very closely with the community to help them understand that we have to develop a life-long learner who will have an understanding of globalization, be able to market their potential internationally and participate and contribute to a higher quality of life.

* D. Provide wholesome adult role models who see positive things in young people and can give them positive experiences. Again, it requires a program to be structured and designed that will give careful screening and preparation to the business/community partner. The needs of the learner and their characteristics must be taken into consideration. IPIEP requires this to happen.

* E. Empowers the learner with sets of skills and a knowledge of how to access business and community resources.

For the Educator:

* F. Develop an understanding that learning is life long. The learner sees this exemplified by how business and communities are constantly learning, changing, making mistakes and growing.

* G. Helps the student begin to recognize their responsibility as a learner, the impact they have upon their community, and what they are expected to do in their lifetime by participating in that right now.

* Learning how to learn is a skill of the future. Learning how to teach is the newer skill of the future. Many of those employed will be in decision-making and analysis positions where they need to be developing, informing, and training their colleagues. John Scully, CEO of IBM, says the most important skill for the manager of the future is the skill of teaching.

* The good news is that being held accountable for excellent results in learning as a learner or as the educator has become attractive, compelling, desirable, and exciting albeit challenging and sometimes frustrating.

* H. They learn how to: (1) recruit a business, (2) access community resources, (3) articulate and assess objectives, and needs, and then relate them to issues that business and community leaders will understand, (4) present themselves well, and (5) to make decisions. As a result, students gain more visibility within the community as having potential, power, resources, capabilities, and the ability to hold responsible positions.

* G. Provide information on learning outcomes through using IPIEP's methods which requires monitoring and evaluation of students' outcomes, both formative and summative, and feeding that back to the partners. In so doing it gives the business, education and community partners the specific student responses on what they're learning, what they're not, how they are doing it, and what they are getting from it. The students' candor and genuineness hooks the partners into doing more and to appreciating and respecting the student. IPIEP models the use of students in partnership by using students in our formal training sessions.

For the Business Partner:

*+ 1. A better understanding of the complex issues of education and instruction. Business is beginning to recognize the need to be involved in the process, mainly because of their increased need to train, and re-train employees.

*+ 2. Business gains better skills on how to instruct which is becoming a key factor in how to manage. The most current business management writings indicate that this is a major role of management in the future.

* 3. It provides business with a way to develop managers.

4. It prepares their employees and consumers for the future. Knowledgeable consumers are extremely important in the technological and information ages.

* 5. It provides business with a sense of satisfaction and self-esteem. It also gives them a sense of value of what it is they know and do. We've had business executives tell us that performance has gone up after production line workers participated in partnerships.

* 6. It provides satisfaction for those persons who are at that point in their life when they would like to leave a legacy and share their years of experience. This is particularly true of top level management who are no longer in a position to directly influence and relate to employees.

+ 7. Stereotypes about learners are dissolved, and boards and educators become more responsive to the needs of learners.

For the Instructional System:

* 1. Provides new instructional techniques and a safe laboratory in which to try them.
* 2. New resources for instruction.
* 3. A colleague who brings another perspective and view, and who is sympathetic and supportive.
* 4. Cutting edge knowledge in their particular field of instruction and how it is being applied in a larger sense.
* 5. A heightened sense of the importance of pedagogical skills.
* 6. Management and leadership techniques and an environment in which to use them.
* 7. Heightened expectations of performance from the administration as well as from the student.
* 8. WHEN IPIEP PROCESSES ARE USED, A HIGH MEASURE OF ACCOUNTABILITY FOR OUTCOME IS REQUIRED AND MAINTAINED. THE METHODS FOR GETTING ACCOUNTABILITY AND OUTCOME ARE TAUGHT THROUGH FORMAL TRAINING AND IS MODELED. WE HAVE REQUIRED, MAINTAINED AND TAUGHT PERFORMANCE TO EXPECTATIONS IN ALL OF OUR PARTNERSHIPS AND HAVE COME TO REALIZE THAT THIS MAY BE THE FIRST TIME THAT SOME EDUCATORS HAVE BEEN REQUIRED TO MEET HIGH EXPECTATIONS OF PERFORMANCE AND ACCOUNTABILITY. THIS ALSO HAS BROAD POLICY IMPLICATIONS.
* 9. Helping school systems realize they have community resources and new markets in adult education, and training and re-training. Further, facilities and equipment can be shared, sold or bartered.
* 10. Leadership opportunities for educators playing roles in the community as decision makers.

For the Community:

* 1. IPIEP's system provides a process that can be successful for educational outcomes and economic development. This same process can be applied to other problems in the community. We've already seen this on a national level. The Bureau of Disease Control has requested our help in using the partnership concept in pulling together human service organizations and special interest groups that heretofore have not dealt with each other. Shared interest in major issues like AIDS, teen pregnancy, and substance abuse, have caused a strong interest in partnership as a way to make some headway on these problems.

* 2. Development of human resources that the community is going to need for its future.

* 3. Beginning of discourse on what the community's future is and where its survival lies as well as the development of leadership to deal with it.

* 4. Networking with other communities in the state and nation who are using partnerships, thereby increasing their information on economic and futuristic issues.

*+ 5. **GIVES THE COMMUNITY A CHANCE TO EXPERIENCE CHANGE AND HOW TO CAUSE CHANGE IN A PROTECTIVE AND SUPPORTIVE ENVIRONMENT WITH THE HELP OF IPIEP. THROUGH THIS HELP PARTNERSHIPS ARE ABLE TO RECOGNIZE THAT THE SOUNDS AND EMOTIONS THAT CHANGE PRODUCES ARE NOT NEGATIVE BUT ARE NORMAL CHARACTERISTICS (REF. "THE CONCERNS BASED ADOPTION MODEL FOR CHANGE" SHIRLEY HORDE AND JEAN HALL, UNIVERSITY OF TEXAS).**

*+ 6. Provides management skill in putting ideas into practice. Although the new wave of school administrators consider themselves right-brained, conscious of recent research and practice and on the vanguard of changes in education, many have not had training or experience in blending those qualities with good management practices. They lack operational skills to put their ideas into practice. They do not have skill in requiring performance in a specific and firm manner.

*+ 7. Provides a close and full look at partnership development for analysis, decision, and action that can benefit the community. Its become apparent that no matter how good we get at developing instrumentation and systems to collect data, unless we go on site-interview and observe, we will not really discover what is going on and how it impacts the learner and the partners. The second best way is to bring site people into a central location. Our best guess at this time is that the development of the database and our whole system of collecting information and analyzing and assessing it, is going to give us an excellent reference on where we go for information. This is one of the reasons why we may spend so much time in the micro situation. Not until we get the feeling and look at the personal ramifications of the process and the outcome as it relates to the learner, partnership and the community, can we assure ourselves that the non-personal set of information is telling us what we need

to know. In the long view our advice would be "it's not good enough to have this on an impersonalized database without indicating the need for contact with the actual site where things are happening." We spend a lot of time trying to make sure the richness of the program in the sense of its design, impact and outcome are included in our database. It becomes very difficult developing codes that can lead to aggregation of information. We've agonized and theorized over this, perhaps to the detriment of being on our timeline.

IV. WHAT WE HAVE YET TO LEARN THROUGH ADDITIONAL IMPLEMENTATION OF THE PROGRAM

(1) Whether the hypothesis we presented will test out to be correct.

(2) What larger issues may surface from analysis.

(3) Whether partnerships are an efficient and effective method of delivering instruction, i.e., can instruction be delivered and is the effort and time expended worth the outcome.

(4) Will partnerships function on their own, after the grant year, how will they change, grow, decline; become more or less at risk in addressing critical issues and causing change. Please note that through a cursory review through questionnaires from all of our cycles of the last two years, all of the sites are still working on partnerships. Some of them are clearly not functioning at the level that they were when the IPIEP program was directly involved, but they are still in existence and working. Others have continued at the same progress or increased their level of activity or the substantiveness of their endeavors.

(5) (a) Do partnerships need to have an element of failure built into their training i.e. their technical assistance during the year that we work with them?
(b) Do we need to provide technical assistance and funding for more than one year to some partnerships?

We have found through our work with particularly rural communities who have come back and told us that given the culture of the rural community it takes longer for the community to adapt to changes and to believe that something can occur from this relationship. One year is not long enough. Secondly, in some rural areas there is not aggressive, strong leadership; this has to be developed, and people are not used to acting quickly. They are used to having change not occur at all or very gradually. Given the nature of our present condition of having to deal with rapid change, we simply cannot wait this long or the communities will certainly go out of existence. As an example, the community management team will go through a training process with us, as do other communities, but because of the undeveloped nature of the leadership and the personalities of the persons involved in the training, they do not take seriously, or as seriously as they should, what we are training them in, and therefore, do not apply it as rigorously as we require. The outcome of this is some degree of success, but certainly not to the degree that was expected. We are finding that these communities realize this as they come towards the end of their grant year and find that in essence what we have told them is true. They are coming back and saying, "We wish we would have listened. We wished we would have followed through with what you have said. Can we have another chance? Now we've learned by our mistakes."

IPIEP cannot answer these questions at this point because we don't have: (1) a large enough database, (2) a long enough history, (3) a clear picture of what the analysis will tell us, and (4) comparison data from partnerships who don't operate the same way IPIEP does.

V. WHAT HAS HELPED THE PROJECT?

(1) The strong coalition and coordination of efforts on the state level of agencies and organizations who have a common understanding of their mission and goals and who have overcome "turfism". They have allowed us a clear understanding of what our targets need to be, and how we can serve many of their joint needs.

(2) Excellent support from those to whom we report, excellent advice and funding resources from our Oversight Committee, the Council and all the entities on the state level who make up the Council. They trust us, require high accountability, advise us, and recognize the importance of what we are doing. They also respond quickly with resources.

(3) The emerging community leadership, hope and excitement, as well as a desire for higher expectations and accountability that are beginning to be generated in people who wish to direct their own future rather than have the future direct them.

(4) IPIEP is a program that has been highly researched since 1978 and is based upon the best practices of existing partnerships, education and business.

(5) Other similar programs working towards similar goals that are also in need of secure funding: Career Beginnings, Brandeis University; American Express High School of Finance; Portland Investments; Brainpower Program, Rochester, NY; Partners in Education, San Diego; PIPE, Seattle, Washington, St. Louis Partnership, St. Louis, MO.

VI. WHAT HAS HINDERED THE PROJECT

(1) Not having adequate and secure funding.

(2) Not having the personnel to code, analyze, enter extrapolate and review and evaluate on-site is a major impediment.

(3) Not having an external evaluator who is not an advocate of partnerships and can perform the role of unbiased thinker and evaluator of what we are doing.

(4) The highly complex and intricate nature of the issues, the people, the local state and national conditions under which we are working are considered "de rigueur" but are stumbling blocks.

Additional Considerations for National Legislation in Support of Partnerships:

1. Placing the federal funds in a bipartisan group who will remain in tact through changes in legislatures and parties.
2. Recognizing that a great deal of funds must be allocated for the state-level management, leadership, and technical assistance like the type that is provided by IPIEP. Our budget needs are approximately $500,000.
3. Adopting as a purpose of partnerships to empower the individuals within communities to form collaborations i.e. partnerships, not only for educational and training purposes only, but for the delivery of human services, the eradication of community problems like substance abuse, AIDS, child abuse, as well as the pressing issues of economic development and the esoteric ones of providing a quality of life of high calibre through the arts.
4. Requiring the director of the state partnership program to be an honest broker and practice collaboration by using on the state level collaboration as a model. In Indiana the state IPIEP director sees her role as one of providing service to all the state agencies i.e. DOE, the Division of Employment and Training Services, the Department of Commerce, the private sector businesses, the Economic Development Council, and the Higher Education Commission. Keeping them informed in any way possible, collaborating with them on getting their various programs and issues addressed and using the partnerships, for example, as a way to channel new types of programs like the tech prep legislation, state Senate legislation, funds for at-risk youth, programs for early adolescence, and the SCIPPE program (Steering Committee for Increased Participation in Post-Secondary Education).

The
Indiana Partners
In Education Program

STEPS TO A SUCCESSFUL PARTNERSHIP

1. Orientation for key decision-makers in business and education to the partnership philosophy and methods.

2. Assessment of the community's future and its resources and limitations. Analysis of these issues as they relate to the need for business/education partnerships.

3. Orientation to the partnership program for interested schools and businesses including those persons who will implement the activities.

4. Decision to have a partnership program by the Superintendent and some of the businesses in the community.

5. Sponsorship of the partnership program

   a) Formation of a Community Partnership Advisory Council and decisions on overall goals, objectives and policies.

   b) Selection of a manager for the Partnership Program.

6. Preparation of profiles of businesses and schools interested in having a partnership.

7. Matching of businesses and schools with the assistance of the Community Partnership Advisory Council.

8. Fact sharing between a business and a school who are considering a partnership.

9. Commitment to a Partnership by the business and the school.

10. Selection of volunteer leaders and the Partnership Policy Committee by the partners.

11. Relationship-building between partners through tours and visits of each other's facilities to assess needs, resources and limitations.

12. Orientation of volunteer leaders, business and education volunteers who wish to participate in the partnership.

13. Brainstorming and initial planning of activities by the Partnership Policy Committee and volunteers who wish to be involved in the activities.

The
Indiana Partners
In Education Program

PRINCIPLES FOR A SUCCESSFUL PARTNERSHIP

All programs are founded on principles, but it is the belief in an adherence to those principles by the partners that make the program work. In the Indiana Partners In Education Program, both partners must agree totally on the program and principles before developing a plan of action.

The following points must be reviewed carefully:

1. All goal-setting, planning and policy decisions for a community partners program is done by a business/education group. A partnership is a "grass-roots" phenomenon, not a program imposed on a community.
2. A partnership is a method of addressing a mutually recognized critical issue, a broadly accepted compelling issue in the community.
3. A community partnership director who acts as a manager, facilitator, trainer and coach is vital.
4. Involvement is voluntary by the organizations and the people.
5. Commitment to the program must come from the top leadership of the business and education community.
6. The business and education leaders must agree to make resources available and remove obstacles to the success of the program.
7. Each partner must recognize that business is primarily responsible for the development of its employees and education for its students.
8. Each partner must be viewed as an integral part of each other's institution, therefore planning for the partnership must be done jointly.
9. Business and education partners must be willing to develop a relationship and an understanding of each other's institutions and cultures.
10. Each partnership must be free to develop its own projects.
11. All partnerships and their projects must be based on understanding mutual needs, resources and limitations.

12. All projects must be planned to objectives, deliver the curriculum, support skill development, have an experiential component and undergo evaluation.

13. Students must be actively involved in the process of planning, designing, implementing and evaluating the partnership process, rather than simply the beneficiaries of the end result.

14. Initial projects must be limited, short-term and assured of success. They should be considered a learning experience on how the two partners can successfully work together.

15. Partnerships use time and expertise of volunteers, not money.

16. A partnership must have a minimum commitment of one school year.

17. Partnerships must have structure, organization, communication, evaluation and a volunteer recognition system.

18. Partners must realize that a fully mature relationship takes usually three to four years.

19. The partnership program must recognize and serve as an umbrella or broker for existing collaborative programs.

Senator SIMON. The hearing stands adjourned.

[Whereupon, at 3:37 p.m., the Subcommittee was adjourned.]

YOUTH EMPLOYMENT UNDER TITLE II OF THE JOB TRAINING PARTNERSHIP ACT

WEDNESDAY, JUNE 8, 1988

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:05 p.m., in room 430, Dirksen Senate Office Building, Senator Paul Simon (chairman of the subcommittee) presiding.

Present: Senators Simon and Quayle.

Senator SIMON. The subcommittee will come to order. We are very pleased—I will give an opening statement for the record.

OPENING STATEMENT OF SENATOR SIMON

Senator SIMON. Good afternoon. The Subcommittee on Employment and Productivity is holding a hearing today on the question of youth employment and who is served in title II of the Job Training Partnership Act [JTPA].

To begin today's hearing I would like to thank each of the witnesses for their attendance to testify before this subcommittee. In particular, I would like to express my pleasure and my thanks to the Secretary of Labor, Ann McLaughlin for her appearance here today. This is the Secretary's first appearance before this subcommittee and we look forward to her testimony on the administration's proposal to amend the Summer Youth Employment Program that would allow for optional, year-round programs for economically disadvantaged youth.

Along with the Secretary, there are a number of my fellow Illinoisan's here today to testify on their experiences with Chicago youth employment programs. These witnesses are: Art Vazquez, of the Chicago Mayor's Office of Employment and Training; Dave Whittaker, of the Chicago Area Project; and Jack Wuest, of the Chicago Alternative Schools Network. Again, I welcome each of our witnesses.

Since JTPA's enactment into law in 1982, the program's funding formula has been criticized for not adequately targeting funds to central cities where there are sizeable concentrations of economically disadvantaged youth and adults as well as unemployment problems. Many of our witnesses are here today to testify on the extent to which the JTPA allocation formula is inconsistent with the geographic distribution of the eligible and targeted population. Both title IIA and IIB specify that funds are to serve the economically disadvantaged and, yet, the number of disadvantaged persons account for only 33⅓ percent of the funding formula allocation.

As a follow-up to this hearing I am planning to introduce a bill to revise the present allocation formula and to change the current reliance on the outdated 1980 census data for statistics on the number of economically disadvantaged persons.

My bill would increase the percentage amount of the formula allocated for the number of economically disadvantaged from 33⅓ to 50 percent, and lower the percentages relied upon for unemployment figures. It will include a proposal for updating the 1980 census, along with requiring the census to do a special tabulation on just the number of economically disadvantaged youth.

I look forward to hearing the testimony of our witnesses today on this important issue.

We are very pleased to have the—I was going to say the "new" Secretary of Labor, but you have been on the job how long now?

Secretary McLaughlin. Six months. I am getting older every day. Not new at all.

Senator Simon. Well, we are happy to have you here, and the Acting Assistant Secretary, Bob Jones. This is a hearing on JTPA, and where we are, and where we should go. This is one of the major formula-driven grants by the Federal Government. The question is, is the formula doing the job that it ought to be doing? I think that is where we are, and why we are here, and we are very happy to have you join us in this discussion, Madam Secretary.

STATEMENT OF HON. ANN McLAUGHLIN, SECRETARY, U.S. DEPARTMENT OF LABOR, WASHINGTON, DC, ACCOMPANIED BY ROBERTS JONES, ACTING ASSISTANT SECRETARY, U.S. DEPARTMENT OF LABOR

Secretary McLaughlin. Thank you, Mr. Chairman.

I am very pleased to be here with you today. I would like to highlight some of my testimony, and submit the full statement for the record.

Senator Simon. We will enter the full statement in the record.

Secretary McLaughlin. I would like to spend some time talking about our At-Risk Youth Employment and Training Act amendments for 1988, but first, I would like to note that the youth unemployment picture, has generally, improved in recent years.

However, the black youth unemployment rate is six times as great as the overall unemployment rate, and clearly, the reason for this hearing and the reason for our attention to the issue is because we have a long way yet to go.

I think the opportunity is now. I have spent time in the six months I have been at the Labor Department making myself familiar with the demographics of our labor force in the years ahead.

We know that there is going to be a slower labor force growth. For example, we know the number of youth will be declining, and it seems to me that if ever there was an opportunity for us to do something together concerning the at-risk youth, it is now because the opportunities are there.

But the skill requirements for the jobs of the future, as we also know from the studies of the Department, are increasing not only the need for basics—reading, writing and arithmetic, if you will—but most importantly, for reasoning, and improved analytic skills. We will need these young workers, but we must solve their skill deficiency and other problems first.

Schools are the most important factor and we need to help the schools respond to the employer's job needs, as we know them to be now, and especially as we move into the year 2000.

To that end I might note that Secretaries Bennett, Verity, and I are co-sponsoring, co-hosting a one-day conference here, in Washington, on July 11th, precisely to address the needs of employers and the gap that may exist with basic skills. We will discuss how business can help schools in providing the kind of information and encouragement that will not only keep young people in school but show the obvious link of education to the jobs of the future.

As we reform education—and that will take many years and many people wiser than I are spending time on that as an overall national concern—we will have to rely on education and training programs to attack the immediate problem that is before you today and before us at the Department.

I would like to mention, first, seven elements that I think are important for a successful youth program.

The first is an intensive learning environment. Many youth who have dropped out of school, or are in danger of dropping out, can benefit greatly from a combination of the very much needed basic skills and job skills instruction, that is provided in a very intense and structured environment.

Second, competency-based instruction is an element for a successful program. We know that disadvantaged youth benefit from very individualized, competency-based instruction, and that such instruction sets clearly defined standards of performance to be achieved, and it provides youth with feedback on their achievement. It also notes that young people are at different developmental stages, learn differently, and have different interests and needs.

Third, a functional approach relating basic skills to what is needed to get and keep a job is an important element of a successful youth program. Success in the labor market is related to, the basic attainment of skills. Schools need to teach the kinds of basic reading and writing and analytic skills necessary to perform a job, and a functional approach focuses on direct and immediate objectives, such as teaching reading skills that will be used on the job.

Fourth, for a successful program, we need a support program of mentors and advocates, and very urgently, of course, parental involvement. That can help youth address personal and family problems so that they are freer to learn effectively. Involving parents and other significant adults can reinforce the young person's interest, and, if you will, stick-to-itiveness in the programs.

Fifth, we need a holistic approach involving a business partnership and integrated services, which is true with so many of our programs. JTPA cannot do it all. At-risk youth more frequently suffer from health problems, teen pregnancy, drug and alcohol problems, psychological and physical stress, child abuse, housing problems, and learning disabilities. It is almost impossible to learn without addressing these other interrelated problems. Therefore, building linkages across education and job training with the social and health services, shelters, volunteer groups, and business and labor, is critical to make maximum use of available resources and services.

The sixth element is accountability. Objectives need to be established for and communicated to individual students and the institutions that serve them. Sound management systems should generate information for local decisionmakers to determine whether the youth and the programs are performing well, and whether the services provided are ultimately making a difference in the youth's ability to take a job.

Finally, the teaching of self-worth and personal responsibility is a key element. At-risk youth require opportunities to acquire, most importantly, self-esteem and self-confidence, have solid behavior and attitudes that will increase not only their ability to see their way through an educational program, but their ability to succeed on the job.

Some time earlier, Acting Assistant Secretary Jones described for many of you, in some detail, the current Federal programs that serve these youth. I would just like to highlight now, if I might, our at-risk youth proposal that will be sent to the Congress in the next several days or so. I understand OMB has just signed off on it.

The proposal is intended to give local areas, first and foremost, more flexibility in selecting service strategies. Secondly, it will help the most disadvantaged youth and third, make better use of resources available under JTPA, Title II-B.

The At-Risk Youth Employment and Training Amendments of 1988 focus on youth who experience severe disadvantages in the labor market. They are at risk for long-term unemployment and dependency, are ages 14 to 21 specifically, are economically disadvantaged and, are basic skills deficient.

In many cases, many have failed or done poorly in school. Others have experienced social or behavioral problems, and still others have a variety of other disadvantages which keep them out of the economic mainstream.

So the objective of the proposal would be to improve the long-term employability of these particular youth, and help them make successful transitions from school to work. We think that can be done by: (1) increasing basic skills level of at-risk youth, (2) increasing the socialization skills and behaviors appropriate to both school and work; and (3) developing these basic occupational skills.

JTPA, as you know, now serves a number of these at-risk youth, and we have been concerned, for some time, about how to reach more of the hardest-to-serve youth. Our proposal would aim to increase the number of at-risk youth served by expanding the range of assistance that the local service delivery areas can provide.

There would be, as I mentioned, more flexibility and a comprehensive package of services that could be provided. Our proposal would allow the SDAs—the Service Delivery Areas—three options for using funds available under Title II-B. One option would be to provide a new year-round, comprehensive program of intensive services for at-risk youth. The new program that they develop could complement what is happening in school for at-risk kids who have not yet dropped out. For the out-of-school youth, the program could pull them back into the system and give them what we call a second chance.

A second option would be to continue to carry out the traditional summer program that we have now. Finally, SDAs would have the option of carrying out a combination of the at-risk youth and summer programs.

The point is that the service delivery areas would have the choice of adopting the kind of program that would meet their requirements, and yet keep within the overall JTPA philosophy of letting the States and local areas set service priorities based on their local population needs and capacities.

Service delivery areas which choose to establish a year-around program would be encouraged to base their services on the service strategies of the programs that we have seen are effective, such as those I mentioned earlier.

Support services such as transportation and child care could be provided for these youth with that need.

To encourage the holistic approach I mentioned earlier, the new program requires, of course, linkages with existing school services, community organizations, business and labor organizations, and other training programs.

Importantly—and I think you mentioned this in your opening remarks—the at-risk youth proposal we are suggesting would change the current Title II-B allocation formula, in order to better target funds to the economically disadvantaged youth.

As you know, currently, the fund distribution for the summer youth program is weighted heavily according to the level of total unemployment in a given area. This formula targets resources heavily to areas with high adult unemployment, but many SDAs contain both pockets of extreme poverty and very affluent areas. Overall employment conditions are not the best indicator of where at-risk youth are located. So the new formula would allocate funds based on a relative number of disadvantaged youth residing in each State and each service delivery area.

Those are the highlights of the proposal that you'll see in complete form soon, and I thank you for the time to share these remarks. Thank you.

[The prepared statement of Secretary McLaughlin follows:]

STATEMENT OF
ANN McLAUGHLIN
SECRETARY OF LABOR
BEFORE THE
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

June 8, 1988

Mr. Chairman and Members of the Subcommittee:

I am pleased to have this opportunity to testify before you today on the Administration's proposed "At-Risk Youth Employment and Training Amendments of 1988" and to discuss the measures we believe need to be taken to assist youth at risk of chronic unemployment in overcoming the barriers they face to successfully entering the workforce.

I wish to commend you for holding this hearing and for providing me the opportunity to present our at-risk youth proposal. Let me begin by providing you with some background.

The youth unemployment picture has improved markedly in recent years -- the unemployment rate for black youths has declined more than fifteen percentage points from the recession highs of the early 1980s. However, the youth unemployment rate is still three times the adult rate, and the black youth rate over six times as great. This is unacceptable.

The employment outlook for at-risk youth could improve. We know from our Workforce 2000 project that over the next 13 years our labor force will grow more slowly than at any time since the 1930's. The number of young workers will decline, which could result in businesses, colleges and the military competing for 18 year olds, who will be in short supply. However, growing numbers of workforce entrants are likely to be minority, from single parent families, or poor -- those youth who traditionally have more difficulty in making the transition to employment. These are the youth who are more likely to perform poorly or drop out of school.

Exacerbating the problem is the fact that skill requirements for many jobs are increasing. Many jobs will require higher levels of analytic and communication skills, and the level of basic skills required will continue to rise above mere reading and writing ability.

It is often said that we face both a challenge and an opportunity to dealing with at-risk youth. There is no question that our economy will need these young workers. But unless their skill deficiencies and other problems are addressed, these youth are seriously at-risk of become the dependent poor of the 21st century.

What should we be doing about the problem of at-risk youth?

First and foremost, we need to carry forward the commitment to improve America's schools. As Secretary Bennett's landmark report to the President -- American Education: Making It Work -- makes clear, we have achieved some progress in recent years but much remains to be done. If our young people -- particularly those at risk -- are to successfully enter the job market of the 1980s and 90s armed with a solid foundation in basic skills, we will need to strengthen the content of our school curricula, recruit and reward good teachers and principals, and institute accountability in our school systems. All young people, regardless of their race or family background, should be assured the opportunity of receiving a quality education that will prepare them to meet the requirements of business and industry.

I feel so strongly about the urgent need to help our schools respond more effectively to job requirements of the employers that I have asked Secretaries Bennett and Verity to join me in personally meeting with some of the Nation's leading educators and business executives -- here in Washington on July 11. We will focus on the gap between the basic skills our young people are bringing into the job market and the needs of employers, and how business can help the schools to bridge that gap.

However, education reform is an evolutionary process. While that process unfolds, employment and training programs must help attack the immediate problems of those young people who are seriously at-risk -- working with the education system to help make sure those in school complete their education, and offering another chance to those who have dropped out. We have learned a great deal about how to effectively attack the problems of these at-risk young people. Since the mid-1970's we have spent over a billion dollars to find out what works best for at-risk youth. The results of the experiments -- the successes and failures alike -- suggest that the following are ingredients that have most often contributed to successful youth programs:

- An intensive learning environment. Many youth who have dropped out of school or are in danger of dropping out can benefit greatly from a combination of basic skills and job skills instruction that is provided in an intensive, highly structured environment. Often, such instruction takes advantage of computer technology to increase learning efficiency.
- Competency-based instruction. We know that disadvantaged youth benefit from individualized, competency-based instruction. Such instruction sets clearly defined standards of performance to be achieved, and provides youth with feedback on achievement. It recognizes that kids are at different developmental stages, learn differently, and have different interests and needs.
- A functional approach relating basic skills to what is needed to get and keep a job. Success in the labor market is related to basic skills attainment. Schools need to teach the kinds of basic reading, writing and analytical skills needed to perform a job. A functional approach focuses on direct immediate objectives, such as teaching reading skills that will be used on the job.
- A support network of mentors and advocates, and parental involvement can help youth address personal and family problems so that they can learn effectively. Involving parents and other significant adults can encourage learning and reinforce the acquired skills.

- A holistic approach, involving a business partnership and integrated services -- JTPA can't do it all. At-risk youth more frequently suffer from health problems, teen pregnancy, drug and alcohol problems, psychological and physical stress, child abuse, housing problems and learning disabilities. It's almost impossible to learn without addressing these interrelated problems. Building linkages across education and job training, social and health services, shelters, volunteer groups, and business and labor is critical to make maximum use of available resources and services.
- Accountability. Objectives need to be established for and communicated to individual students and the institutions that serve them. Sound management systems should generate information for local decisionmakers to determine whether the youth and the programs are performing well and whether the services provided make a difference in the youths' employability.
- Teaching of self-worth and personal responsibility. At-risk youth require opportunities to acquire the self-esteem, self-confidence, coping skills, and solid behaviors and attitudes that can increase the likelihood of educational and job success. Environments which allow youth to understand and learn from the consequences of their actions are important.

In earlier testimony before your subcommittee, Acting Assistant Secretary Jones described for you in some detail the dimensions of the current Federal programs which serve this population, and a number of new administrative initiatives that the Department of Labor has undertaken to refocus programs on this group, including revisions to JTPA performance standards, technical assistance to improve local programs' capacity for serving at-risk youth, planning guidance to the States which emphasizes the importance of serving this group, and research and demonstration projects to acquire a better understanding of the approaches and models or sets of services that are effective in making disadvantaged youth more employable. The Department is also undertaking a comprehensive review of the current apprenticeship system to determine how it can help bridge the gap between emerging highly skilled jobs, and the pool of available labor, which includes many at-risk, disadvantaged youth.

Let me now turn to our at-risk youth proposal. This proposal will shortly be transmitted to the Congress. The proposal is intended to give local areas more flexibility in selecting service strategies than they currently have under the summer youth program. It is designed to help the most disadvantaged youth and make better use of resources available under JPTA Title II-B.

The At-Risk Youth Employment and Training Amendments of 1988 focuses on youth who experience severe disadvantages in the labor market and thereby are "at-risk" of long-term unemployment and dependency. These are youth aged 14-21 who are economically disadvantaged and basic skills deficient. Typically, these youth also experience other severe disadvantages that greatly diminish their prospects for employment. Many have failed or done poorly in school: school dropouts, students with poor academic and attendance records, students significantly older than their classmates, and students in special education programs. Others have experienced social or behavioral problems: juvenile offenders, runaway youth, and drug or alcohol abusers. Still others are afflicted by a variety of other disadvantages which keep them out of the economic mainstream: physical handicaps, welfare dependency, teen pregnancy or parenting, and child abuse.

The objective of the proposal is to improve the long-term employability of these youth, enabling them to make successful transitions from school to work. This will be accomplished by increasing the basic skill levels of at-risk youth, increasing the socialization skills and behaviors appropriate to school or work, and developing their basic occupational skills.

While JTPA now serves a number of these at-risk youth, for some time we have been concerned that our programs should be reaching more of the hardest-to-serve youth. Our proposal aims to dramatically increase the number of at-risk youth served under JTPA by expanding the range of assistance local service delivery areas can provide under Title II-B. It provides local areas more flexibility and a package of services which is more comprehensive than anything offered previously under JTPA.

Under the traditional Title II-B program, economically disadvantaged in-school youth between 16 and 21 years of age are provided jobs during the summer months (14 and 15 year olds may be eligible at local option). Under amendments to JTPA that were enacted in 1986, this work experience is now combined, where appropriate, with literacy training and remedial education. JTPA Service Delivery Areas also are encouraged to provide counseling and other services that will enable these youth to remain in school.

The proposal would allow local Service Delivery Areas the option of using funds available under Title II-B to provide a comprehensive, year-round program of intensive services to at-risk youth. The program would complement what is happening in school for at-risk kids who have not yet dropped out. For out-of-school youth, the program aims to pull them back into the system to give them a "second chance."

Service Delivery Areas would have three options under the new Title II-B: they could develop a new, enriched component targeted to at-risk youth; they could continue to carry out the traditional summer youth employment program; or they could carry out some combination of the two. Giving Service Delivery Areas the choice of adopting the new at-risk youth component is in keeping with the overall JTPA philosophy of letting States and local areas set service priorities based on their local population, needs and capacities. It will provide the necessary flexibility for areas with large concentrations of at-risk youth to focus their resources on this new component, while enabling other areas to continue to use their resources for the standard summer youth program.

Service Delivery Areas which choose to establish a year-round program would be encouraged to base their services on the service strategies of demonstrated effectiveness that I mentioned earlier. There would be an assessment for all participants, basic skills assistance and individual service strategies. Where the assessment determines the need, in-school, dropout-prone youth could be offered an array of services, including: combined basic and life skills instruction and work experience during the summer; enriched basic skills and tutoring during the school year; individual and group counseling; mentoring; and pre-employment and socialization skills training.

For school dropouts and out-of-school youth with poor basic skills, different strategies could be used, including: specialized outreach arrangements; occupational skills training combined with basic skills instruction; work experience; limited internships in the private sector; work readiness and life skills training; and post-program followup services. Support services such as transportation and child care also would be available.

To encourage a holistic approach, the new program requires linkages with existing school services, community organizations, business and labor organizations, and other education and training programs.

The at-risk youth proposal also would change the current Title II-B allocation formula in order to better target funds to economically disadvantaged youth. Currently, the fund distribution for the Summer Youth Program is heavily weighted by the level of total unemployment in the area. This formula targets resources heavily to areas with high adult unemployment. Since urban Service Delivery Areas usually contain both pockets of extreme poverty and very affluent areas with vigorous economies, overall employment conditions are not the best indicator of the intensity of services needed for poor youth. Moreover, cyclical changes in unemployment rates may cause large funding swings under the current formula that are unrelated to the youth poverty situation in a local area. The new formula would allocate funds based on the relative number of disadvantaged youth residing in each State and Service Delivery Area.

I appreciate the interest of the Subcommittee in addressing the unemployment problems of at-risk youth, and hope that you will seriously consider the Administration's proposal. We believe our proposal will allow us to better target JTPA resources on severely disadvantaged youth, promote service strategies that have the best potential for improving the long-term employability of at-risk youth, and provide more flexibility to JTPA Service Delivery Areas in using funds to address the needs of this population.

Mr. Chairman, this concludes my prepared remarks. I would be pleased to respond to any questions that you or other Subcommittee members may have.

Senator SIMON. We thank you very much, Madam Secretary.

Senator Metzenbaum has a statement that he wants to have entered in the record, as he has a conflicting meeting and cannot be here.

[The prepared statement of Senator Metzenbaum follows:]

Statement of Senator Howard M. Metzenbaum at the Youth Employment Hearing Before the Employment and Productivity Subcommittee

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I want to commend Senator Simon, the chairman of this subcommittee, for convening this hearing to investigate who is being served by the youth employment programs administered by the Department of Labor. I have a great interest in this issue especially as it relates to serving severely disadvantaged young people. Nothing bothers me more than seeing young people walking the streets of our urban centers, without skills, without jobs and increasingly, without hope.

No one can dispute that our current job training system has failed to reach this hard-core population. We can compile a mountain of confusing statistics and develop artificial definitions to cloud the issue, but the sad truth is that we are losing the battle to save these young people from the streets. I do not contend that there are any easy answers--I believe this is one of the most challenging problems facing the Congress. But unless we are willing to target severely disadvantaged young people and provide the necessary resources to provide intensive, comprehensive services, then I do not believe we will make much progress.

That is why I introduced the Youth Employment Services Act last year, which now has 31 cosponsors in the Senate. The "YES Act" creates public/private partnerships to provide intensive, comprehensive services to severely disadvantaged youth. That is also why I have been pushing for increased funding for the Job

Corps, a proven, cost-effective program for nearly a quarter century. We need to build on the success of that program to help our young people.

The Administration's response to this problem has been discouraging. Initially, they tried to cut all funds for Job Corps but Congress would not let that happen. Now, the President has called for reduced funding for Job Corps, when the need is greater than ever. The Department of Labor's new at-risk youth proposal attempts to target services to economically disadvantaged young people with basic skills deficiencies. That is a step in the right direction, but there are no new resources requested to do the job. In fact, this proposal eliminates the $50 million increase the Secretary called for in last year's AFDC youth proposal. We should not fool ourselves. If we do not invest to help these young people now, society will bear the cost for years to come.

I am prepared to work with the Administration and with my colleagues to combat this critical problem. I look forward to reviewing the testimony presented at today's hearing.

Senator SIMON. I am pleased to be joined by my colleague from Indiana who has provided a great deal of leadership in this whole JTPA area. I am very pleased to have you with us, Senator Quayle. Do you have an opening statement here?

Senator QUAYLE. No, Mr. Chairman, I do not. I congratulate the Secretary on her presentation and I have a few questions. But first, let me congratulate you on having this hearing because I think that trying to reach these at-risk youth in the best system that we can design and to help some that we are not helping right now, is a laudable goal, and I look forward to working with you to best achieve this.

Senator SIMON. I thank you, and I appreciate your comments, Madam Secretary, regarding the shift in the formula that we will be receiving within a few days, I gather, to the disadvantaged.

One of the problems that you face in other areas—and not just JTPA—is the whole question of undercounting. That there are people who are unemployed who just—well, somebody who is in high school or drops out of high schools, has not been working and is seeking a job, is not counted among the unemployed, though clearly is among the unemployed.

And when you get areas like it mentioned—counties in Illinois, Starr County, Texas I just saw the other day where there is a 45 percent official unemployment rate—and I know enough about those kind of counties to know that means a real unemployment rate of 55 percent or something, moving on that kind of a problem.

Let me mention this also. You have one reference in here—maybe more than one—to a group that I am not suggesting should be a part of the formula, but that we ought to be reaching also, and that is those with disabilities, the handicapped.

Do you have any feeling for how we can assist some of these people a little more, because you do have astronomical rates? The unemployment rate among the disabled who are employable, who are black, is 82 percent. You know, just staggering figures.

Do you have any reactions, Madam Secretary, or Mr. Jones?

Secretary MCLAUGHLIN. I will give an overall comment and then Bob might have something specific that he has been working on. I can think of no more difficult combination of disadvantages than those faced by a young person who is disadvantaged economically and perhaps socially, and in addition, has a handicap.

I would hope that the kind of proposals we are making, in addition to the programs we have, will promote the kinds of partnerships necessary to target, and work with that individual—clearly, a tailor-made, individual kind of program is the best hope.

It takes a lot of people to become involved, to make that a success. I think the reallocating, if you will, and the targeting of the funding is a beginning. The linkages and the all-year program is a beginning. So those would be my general views, and I am very, very cognizant of what you are saying, and this is something that has interested me, not only just the at-risk youth, but that tremendous disadvantage of a combination of those kinds of things, but Bob may have something to add.

Mr. JONES. Well, just a couple of things, Senator. You may recall that some time back we designated as eligible, for all JTPA programs, not just the summer youth program, handicapped individuals—family members of one were eligible under the program—thus removing the income constraint. So in effect we are serving them as broadly as we can within that system right now.

And secondly, we have three Job Corps centers that have been designed to effectively bring in handicapped people in significantly larger numbers.

In these particular programs, our issue probably is not eligibility as much as it is program design and the usual problems of physical barriers. The key is designing programs that are focused on the abilities of these people to move into the marketplace.

We just recently created an Office of the Handicapped, and we fund seven or eight of the major handicapped organizations——

Senator SIMON. If I may——

Mr. JONES. And we created that office to begin to focus policy on this whole issue.

Senator SIMON. And this Office for the Handicapped is for the Department as a whole, not just for JTPA?

Mr. JONES. The focus is just general workplace issues as well as the programs that we have operating under JTPA.

Secretary MCLAUGHLIN. If I might add, I mentioned at the outset of my remarks—and it is something I am trying to do within the Department as we focus on the 1990s. Because of the demographics and the makeup of the labor force, the best we can tell for the years ahead, the opportunities are incredible if we can help get people educated and trained because businesses will need them. Employers might be more amenable, not only to bringing on an at-risk young person, or one who was formerly at risk, but also, I would hope, towards employment of the handicapped. They will be needed.

Senator SIMON. One of the things that you just used, you have several references to education in your statement, Madam Secretary, and much of your statement is about education. I mentioned to your predecessor when he was up here, that I hear more about education from the Secretary of Labor than I hear from the Secretary of Education. And I am pleased to hear this.

As I go through the suggestions you have here, it does seem to me that we have an opportunity—when you combine what is happening in the immigration field with the expanded market that is here—for people with very limited skills. And these people who are falling through the cracks. To reach out. And the convention school system is just not going to reach a lot of these people, and that is why JTPA is part of this.

But you may, as your field people look at this, they may come up with other ideas as to how we reach. It may be some of the proprietary schools and their programs. I do not know. But I have that uneasy feeling that we are much too rigid in our educational approach to reach a great many people who need to be reached.

I do not know if either of you have any reflections on that at all.

Secretary MCLAUGHLIN. We were talking about this earlier. As we go through educational reform which is greatly needed, we also need to look at alternative schools and other alternative measures, because some youths are not going to fit that standard mould, if you will, and that is what this effort is all about.

I have spent a lot of time recently talking about this with both Albert Shanker and Mary Futtrell, just to try and get an essence of what their thinking is.

Specifically, we are looking at the greater role teachers can play in the development of curriculum, and on the other hand, what additional role business can play, and the kinds of programs that are, again, more job-related, so that the youth who may not fit into the established mould can see how the attainment of basic skills, such as reading, is tied to the workplace. I think those are the kinds of things that warrant greater attention.

But I am somewhat new to this area, and Bob may want to add to it, but it is something we are spending time on.

Mr. JONES. Senator Quayle, some time, a year or two ago, suggested that we begin to look at such things as alternative and proprietary schools, and vocational education in a more holistic way.

I do not think students who fall into the system ought to be expected to figure out which separate doors they ought to walk through. I think it is important that we approach the same sets of basic skill training and remedial training, and skill improvement through whichever of these systems might happen to work best in a local area.

Particularly today, we are seeing a new increase in technical and proprietary schools, that are growing out of industry's need. Industry itself is now setting them up as they need a higher-skilled training base.

We need to be a part of those systems, and we need to ensure that the quality attained in those systems is high enough to serve the people and serve the workplace. There really can be no excuse, in our minds, for one rigid system or another being the answer to this problem, whether it is welfare training or job training, or public school, or proprietary school. I do not think you can keep them separate and uncoordinated any longer.

Senator SIMON. One final question and then I will yield to my colleague.

Under the present formula, we have about 200,000 young people in the City of Chicago who are eligible. We are going to reach about 15,000. With the new formula that you are going to be coming up with, what would you—and I do not expect an exact answer——

Secretary MCLAUGHLIN. You'll get an exact one from him.

Senator SIMON. I see you are pointing to him here, Madam Secretary. [Laughter.]

Secretary MCLAUGHLIN. He's got his computer here.

Senator SIMON. What would you guess? How many can we reach?

Secretary MCLAUGHLIN. Let me see if we can work something out for you, you might get an estimate.

Mr. JONES. Senator, you are not going to like my answer. The basic point of this program——

Senator SIMON. Do not tell me 10,000. [Laughter.]

Mr. JONES. The basic point of this program is in effect to allow these monies to be spent year-around, not just in the summer, on a more intensified intervention system, and to do that costs money, and we are doing this with a fixed amount, approximately $750 million. That means we will in fact probably serve a few less than we do now, but we would serve them a whole lot more effectively than we are doing right now, and I think that is the major issue, not only now, but next year, facing the Congress.

You cannot deal with this group of people without the principles the Secretary laid out in her statement and without investing in a variety of services they need to bring them up to an effective level. We cannot do it any longer.

So technically, we probably would serve a few less, but much more successfully.

Senator SIMON. And in terms of hours served, it would be many more?

Mr. JONES. Yes, sir, and on the right services, not just income support or not just forcing them back into the classroom. But with adequate support services and remedial education, and some job-skill training, we can move them to a point where they can in fact have opportunities.

That is the singular, most important investment question in the whole job training business today. You cannot just address the youth issue in terms of numbers. We have to address it in terms of quality of investment.

Senator SIMON. I am, by background, a wordsmith, and one of the words that theologians were using at first was a word holistic, and then the medical profession started picking it up, and I am sure no one will contradict me when I say you are the first Secretary of Labor who has ever testified here, who has ever used the word "holistic". It is becoming a part of the lexicon of our society now, and I am happy to have someone with a holistic approach here.

Senator Quayle.

Senator QUAYLE. Thank you, Mr. Chairman. Let me ask a couple of specific questions about your proposal. In the JEDI bill, we adopted an amendment that dealt with the summer youth program, and to extend it for a full year for at-risk youth.

Are there any substantive differences between that amendment and what you are suggesting here?

Secretary MCLAUGHLIN. Let me ask Bob to answer that. He testified on that.

Senator QUAYLE. Bob, would you address that.

Mr. JONES. Yes, sir. There are. As you may recall, that bill was targeted specifically at the younger welfare participants, who showed, by all evidence, that they are the ones most at risk of staying in that system forever.

What this bill does is expand eligibility not only to just youth on welfare, but to all at-risk youth.

Secondly, it deals with an additional eligibility requirement of those who are in need of basic skills.

Senator QUAYLE. Is that the additional requirement beyond the income tests?

Mr. JONES. Yes, sir.

Senator QUAYLE. That would be the basic skills deficiency?

Mr. JONES. There is a requirement for skills assessments to make sure the new programs serve those who are most in need of basic skill remediation. It goes to Senator Simons' question a little bit, in terms of focusing in on who we are serving, to try to make sure we get a little more bang for our buck.

The third point that we put into the program that is different—and I think this also is a significant principle here—is the use of effective service strategies. I believe we have reached a consensus on what kinds of things are needed to bring those who are seriously at risk, and seriously deficient in basic skills, into the system.

And if so, we ought to be using models that incorporate these elements. For example, if we all agree that Job Corps is successful, and some of the other youth demonstrations that we have done are successful, and it is a combination of remedial training mentoring, support services, and things like that which are the keys to success, then we want to see this program invest in those models, not just in any training system.

So we built that into this proposal, provisions that say it is time to do it right. Those would be basically the three——

Senator QUAYLE. Those would be the three criteria.

Mr. JONES. Correct.

Senator QUAYLE. And the two additions would be the basic skills deficiency and the model program. The income test, we may have a different language, but that is essentially the same, and then the idea to extend it year-around would be——

Mr. JONES. That is correct. That was the same as——

Senator QUAYLE. Would be essentially the same. Okay. Under this proposal you changed the distribution formula a bit which, always, members of the committee are very interested in.

Secretary MCLAUGHLIN. As in Indiana.

Senator QUAYLE. As in Indiana. I have not found out exactly how Indiana or Illinois fare—we are usually pretty much together on this. But there are a few others that are not here today. [Laughter.]

When others look at the Midwest, they think how do they take it from the Midwest and put it somewhere else. But the chairman and I are very interested in the Midwest.

You dropped the unemployment criteria in the formula, and I understand that the argument is that it is not necessarily a fair measurement for determining youths that need training. Also, the volatility of the unemployment numbers can cause problems, even though we usually have some sort of a "hold harmless" provision that might take care of the volatility.

I guess I can accept the idea that perhaps the unemployment data is not as precise as we would like it to be, to get at the people we want to get at. You used the terminology, I think, "economically disadvantaged", and I am not exactly sure how that fits in.

But what about the definition of "poverty"? Does that give you any problems? I mean, that is what we are really looking at in many cases, and I think as far as expenditure of the limited resources that we have that perhaps the definition of "poverty" would be even more precise, and be able to target better than the terminology, "economically disadvantaged".

Do you have any problems with that? Or ideas?

Mr. JONES. Senator, I think what we have is a lot of ideas, and I do not think any of us—as you well know, on this particular discussion—have a good fixed answer, and it is because we do not have the data that we really need to resolve this issue.

There are two distinctions. Let me answer your first question. The current definition of "economically disadvantaged" in fact does involve a little bit of what you just said. Under that definition, an individual is economically disadvantaged if their total family income, in relation to family size, is not in excess of the higher of the poverty level or 70 percent of the lower living standard income level. The lower living standard income level is regionally based, and I think favors certain areas of the country that would be hurt under a "poverty level" definition, which is strictly a national figure and frequently does not reflect regional differentiations.

As you point out, we opted to drop unemployment from the formula because the unemployment figures tend to pull money away from communities that have a high incidence of at-risk youth, and put it into areas where unemployment might be high, but where there are relatively fewer at-risk youth.

Senator QUAYLE. I do not have any problem with that suggestion. My concern is, if we are going to change the formula, that we really ought to target it down to what I think are the hard-core disadvantaged, and that is why I was curious about your choice of words, the economically disadvantaged, rather than the terminology, "poverty". From a semantics point of view, or to get back into being the wordsmith that the chairman is, "economically disadvantaged" versus "poverty", there are some fundamental differences, particularly on distribution formulas, and I think it is something we ought to examine. I am questioning the Department of Labor's rationale for choosing this particular definition rather than the poverty definition.

Mr. JONES. The reason we chose it is a very simple one. The definition relies on the only available data base that we could find that provides a reasonable and relevant measure. It is in fact not an ideal data base. It is 10 years old. It is the Census data. We therefore define economically disadvantaged youth as it is defined in the census. The data is not updated. We do not particularly like it. The problem that the Congress has, and that we have, is to try to carry what you just said into reality. We have provided a study to the Congress that shows how different factors act and react, but the real problem is to find data, either from the Census, or from some other source, that can be disaggregated to a local community based on some more precise definition of poverty or economically disadvantaged, or low income, or at risk.

We do not collect data today on a yearly basis or some other basis, on those terms. We base it only on the census——

Senator QUAYLE. Should we collect data on that?

Mr. JONES. Well, for those purposes of course we should, but the problem with it, as you know, is that it is enormously expensive. The question of to what other uses could such a system on such resources be put must be asked.

It has been a problem with us for many years in job training programs. Each time we have tried to come to grips with this issue, we come back to this problem, again, of no definitive local data on any of those three definitions that you just raised.

Senator QUAYLE. Let me ask two general questions, and then I will be finished. One, on the eligibility issue with JTPA.

Do you think that we ought to look at the possibility of rewriting the eligibility standards to find incentives so that the SDAs will have greater incentives to serve those that are in greater need? Is it time that we do that? Look at that as a possibility and maybe even use this bill as a vehicle for that?

Secretary McLaughlin. I have stated that we should do some fine-tuning of JTPA, and this is one area that bears discussion. We would be happy to work with you on it.

Senator Quayle. Do you think we could do it on this legislation? Would you have any problems with that?

Secretary McLaughlin. I have not thought of it.

Mr. Jones. I think it is a good time to approach the issue. Yes, Senator, I do.

Senator Quayle. Well, this might be something that we might want to examine, Mr. Chairman. I know it is something that you have brought up and I have been concerned about it—this whole issue of creaming, and how our eligibility standards are used.

When we first got into JTPA, after looking at CETA, we wanted to make sure we had performance standards, and that is what was lacking in CETA. Well, we looked at performance and found that you are going to take the easier to train, because you are going to get better performance standards. But that may not be where we ought to be focusing our efforts, and I think that we might want to take a look at that.

Mr. Jones. One thing I would add, Senator, is that we ought not, from this point on—in this bill, or in any other bill—address the eligibility issue without also addressing the investment issue.

If we are going to serve harder-core people here, or in JTPA, we have to also be willing to spend more per person on them to achieve the desired end, and that is just a major——

Senator Quayle. That is the issue with performance standards, and that is where you come into the allocation of a limited amount of resources. Are you going to spend more on fewer people, and I can see that point.

It is not that the less needy recipients do not need help, and if you look at just total numbers, JTPA is doing quite well at helping them. But you are missing out on quite a few very needy persons, and that is why I think it is probably time that we at least look into this.

My final question, Mr. Chairman, deals with the legislation I think we are probably going to have on the Floor fairly soon on the welfare reform bill.

It seems to me that in that bill they have a new JOBS program, to provide job opportunities and basic skills program for, basically, AFDC—mothers and fathers, which I think is a laudable goal.

My concern is, are we reinventing the wheel to serve these people? And how are we going to get coordination with JTPA, that could in fact serve these people very well? My concern is not to just set up a whole new organization, and system, that is going to serve people that could be served under JTPA.

I am interested in what kind of coordination, cooperation, and consolidation we can get. We have got employment security, vocational education, and job training, all as of separate institutions.

There are people out here that do not have a job, and to which do they turn? You have got a lot out there, and, my concern is not the goal of the welfare reform, of trying to help these people, because I have no problem with that; I just want to do it on an efficient basis.

And it seems to me that we may be trying to reinvent the wheel, and I just wondered what thoughts you have of why we need a whole new separate mechanism to take care of these people.

Secretary **McLaughlin**. Let me make a couple of comments, because as I look at even just within the Labor Department, the programs we have, I often concern myself with "reinventing of the wheel" and coordination of separate systems.

But we have talked about the need for flexibility. We have talked a little bit this morning about the different types of individuals who need these kinds of programs, and the need for tailored programs, customizing, not too much rigidity.

It is essential to focus on the individual and getting that program to them. I think the answer to your question is you are absolutely right, and I would hope, as the debate on welfare reform goes forward, that there is not the creation of a whole separate entity to deliver employment and training services. Let us use the delivery system, and apparatus that is in place which includes the SDAs, the Governors' participation, et cetera, and the States.

Senator **Quayle**. If you have any specific recommendations on how we can do this, I would certainly be interested in it.

Secretary **McLaughlin**. I would spend time on it and get back to you.[1]

Senator **Quayle**. Because the way I understand the legislation now is that it is somewhat optional to the States on how they are going to provide the services for these people in need.

Well, they may go ahead and choose JTPA as the delivery mechanism. Some other States may choose something else. But I am wondering how we can, from the Federal level, try to get that consolidation, coordination, and cooperation down to a fine-tuning, because the one thing I do not want to see happen is a whole new mechanism set up to take care of welfare recipients. You have a different bill under a different agency—in this case HHS—and we are just going to be self-defeating.

And then the programs start competing with each other. This JOBS program, I understand, by 1990, will be about $1 billion. JTPA Title II is 1.8 billion. So, all of a sudden you will get this competition that we just really do not need, and groups will be set up out there to come in and lobby for this particular one program, and others will come and lobby for other program. Instead, we all ought to be working together.

And we will be having arguments about who is going to get what money, and there is really no dispute of the goal. But I tell you, when we get carried away in setting up all these institutions, we do not do a service to the people that we profess to help. So I wish you could give us some guidance on how we can, from our viewpoint, consolidate these programs. Quite frankly, it is going to end up saving money—if you are more efficient you are going to save money, and you can serve more people.

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[1] Prior to Senator consideration of welfare reform together, the Department of Labor and Subcommittee Staff did engage on informal discussion on Canadian issues. We have no formal insert for the record.

Secretary **McLaughlin**. I think the drain on resources would be apparent in the kind of duplication you are talking about. We would be happy to work on that and get back to you, sure.

Senator **Quayle**. Time is a-running, because I think this bill is probably going to come up this week or next week. If you have any quick, good ideas, send them up here. Thank you.

[The information of Secretary McLaughlin follows:]

[Note.—See page 30. The Department has no submission for the record.]

Senator **Quayle**. Thank you, Mr. Chairman.

Senator **Simon**. Thank you. If I can just underscore, I do believe that this whole question of coordination really is going to emerge as a very, very important question, and, as Senator Quayle mentioned, I have been concerned about this creaming thing. I think we are moving away from it, but we were so desirous of getting performance after some unhappy experiences, particularly in public relations, but also in substance with CETA, that we wanted to deliver, and in order to deliver you did not take the people who really needed the help the most. You took those who were the easiest to come up with good statistics on.

So, as we examine your product you are going to be getting to us in a few days, that is one of the things we are going to be listening to.

We thank you very, very much, both of you, for your testimony, and we hope you are enjoying the job, Madam Secretary.

Secretary **McLaughlin**. I was thinking of your earlier comment, and I could expand on this in another forum. Perhaps I am the holistic Labor Secretary. I have found that the Department is quite involved with one's whole life, from beginning to end, so—from child care, in other words, to pensions. So thank you very much. I am enjoying it very much.

Senator **Simon**. Thank you both very, very much.

Secretary **McLaughlin**. Thank you.

Senator **Simon**. Our next witnesses are Barbara McQuown, the director of the National Commission for Employment Policy, and Glenn Schneider, the project director, ABT Associates.

Ms. McQuown, we are very happy to have you here, and if you could identify, for the record, the person who is with you.

STATEMENTS OF BARBARA C. McQUOWN, DIRECTOR, NATIONAL COMMISSION ON EMPLOYMENT POLICY, WASHINGTON, DC, ACCOMPANIED BY KAY ALBRIGHT, DEPUTY DIRECTOR, NCEP; GLEN SCHNEIDER, SENIOR ASSOCIATE, ABT ASSOCIATES, INC., CAMBRIDGE, MA

Ms. **McQuown**. Yes, sir. I would like to thank you, Mr. Chairman, and members of the subcommittee.

I am Barbara McQuown, director of the National Commission for Employment Policy, and with me today is our deputy director, Ms. Kay Albright, who will assist in answering any questions that you may have.

On behalf of our chairman, Gertrude McDonald, the commission wishes to thank you for this opportunity to inform you of our recent effort to evaluate who was being served in the JTPA programs.

Mr. Chairman, I would like to request that my full statement be included in the record of this hearing.

Senator SIMON. We will enter for these witnesses, and for succeeding witnesses—we will enter the full statements in the record, and we would ask all witnesses to try to confine their spoken remarks to approximately five minutes.

Ms. MCQUOWN. Yes, sir. My oral remarks then will summarize the statement, and will focus on the significant findings of this report entitled "Who Is Served In JTPA Programs: Patterns of Participation and Intergroup Equity."

I will also discuss some new information on those eligibles not seeking employment.

This study found that JTPA is doing a good job of serving two of the key groups in the unemployed eligible population: (1) the recipients of Aid to Families With Dependent Children, and (2) the youth dropouts, both of which are of interest to this committee.

However, we have also identified under-service patterns in the areas of adult dropouts and Hispanic males. I would like to spend just a few moments explaining the methodology that we used in this report.

This report examines the language of the Act with respect to the eligibility requirements, and special targeting language, and it then compares this legislative charge to data on who is actually being served.

The Act calls for services to be directed to those who can benefit from them and who are in most need. It also directs that efforts be made to provide equitable services among substantial segments.

In looking at the data on the eligible population, we were struck by the fact that the numbers of persons eligible for JTPA were increased significantly from CETA.

JTPA requires an eligibility determination be based solely on economically disadvantaged criteria. This resulted in increasing the eligible population by more than 50 percent or——

Senator SIMON. May I interrupt. I have a member of the House on the phone on an important matter that relates to something that is going on. We will just take a 3-minute recess. I am sorry to interrupt you, Ms. McQuown.

Ms. MCQUOWN. Yes, sir.

[Recess.]

Senator SIMON. The hearing will resume. My apologies again.

Ms. MCQUOWN. Thank you, Mr. Chairman.

In looking at the data on the eligible population, as I said, we were really struck by the fact that the eligibles increased significantly from CETA. As I mentioned, this resulted in increasing the eligible population by 14 million people.

Among the economically disadvantaged, the Act directs that JTPA be targeted to those who can benefit from them, so consequently, the commission developed an approach that took into account the vast number of people eligible for JTPA legislative intent and employment status.

Therefore, this study examined participation patterns in the context of the individual's labor force status. That is, whether a person is employed, unemployed, or not in the labor force, as defined by the Bureau of Labor Statistics.

To this end we examined those JTPA eligibles who were unemployed, that is, those who are acting seeking employment apart from those who are either already employed or are not actively seeking employment.

And in addition, the unemployed eligibles received special attention for two specific reasons. First, the Act, through its allocation formula, places special emphasis on the unemployed, and second, the decisions of eligibles to participate in the JTPA programs is correlated with their labor force status.

For example, those eligibles who are not in the labor force generally are not available for employment, and therefore are not prime candidates for enrolling in job training programs.

Furthermore, JTPA emphasizes training. So many of the employed eligibles are unlikely to leave their present jobs to participate in JTPA programs.

Examining the eligible and participant populations by labor force status, we found that nearly 88 percent of the eligibles either are already employed or not in the labor force.

Looking at the participation data, we found that about 33 percent of the participants come from the employed and not in the labor force categories.

These data indicate that although the majority of the participants are coming from the unemployed eligibles, JTPA programs are still serving significant numbers of persons from not in the labor force and the employed eligible populations.

The study contrasts a widely held view that JTPA is only able to serve between 2 and 3 percent of the entire eligible population, with a much-improved perspective that nearly 13 percent of the unemployed eligible population are being served by JTPA programs.

Within the unemployed eligible population, the study shows that JTPA participants come from the lower-income levels of this group, are equitably representative of minorities and females, and are reflective of targeted populations, with the notable except of adult school dropouts.

I would also like to respond to your request to examine the characteristics of those eligibles who are not in the labor force.

We found the following. Nearly 80 percent of these individuals identified one of the following four reasons for not actively seeking employment.

First, they had housekeeping and/or child care responsibilities; they were in school; they had health problems or severe physical disabilities; or they were retired.

Seventy-seven percent of the eligible individuals who are not in the labor force had neither sought nor were employed at all for the year prior to being surveyed. Characteristics of the not-in-the-labor force population were similar, in most respects, to the unemployed eligible population, except that those not in the labor force were more likely to be female, older, and a dropout, than the unemployed eligibles.

The commission has examined these findings, and other observations from this research, and has concluded the following. First, the commission supports and recommends clear Congressional targeting be implemented for the long-term welfare recipients.

It is apparent that the JTPA delivery system is responsive to legislative targeting, as demonstrated by the excellent participation rates in the youth dropouts, and welfare-recipient areas.

Second, the commission has urged the Private Industry Council and States to review their emphasis on services to adult school dropouts, and Hispanic males because our analysis indicates underservice to these two groups.

Third, the commission has recommended to the Department of Labor, and the States, the need to ensure JTPA administrative data were collected fully in the areas of income and age of dependents for certain groups that are automatically classified as economically disadvantaged.

We stressed these last two recommendations, recently, at the first meeting of the National Association of State Job Training Coordinating Council Chairs, sponsored by the commission.

And fourth, we recommend specific data collection on teenage parents, a target group that the Congressional Budget Office suggested would be a great return on investment of our Federal training dollars, and specific data collection on the type of work welfare programs that participants are enrolled in, to better determine JTPA compliance with the Act.

And finally, we support the Department of Labor's comprehensive net impact study to better evaluate the effectiveness of the JTPA services.

In closing, I would like to emphasize two points. First, the commission is greatly concerned about the work force readiness issue. That is one reason we are deeply troubled about the data on services to adult high-school dropouts.

However, we believe that focusing exclusively on dropout data misses the real issue. That is determining the basic skill levels of participants. For this reason, we strongly support DOL in their efforts to assist the reading proficiency of all JTPA enrollees.

In fact we have just published a report which we hope will provide valuable technical assistance to those interested in pursuing basic skill testing.

And second, since high school dropouts and Hispanic males were the only groups which did not exhibit rates comparable to their incidence in the eligible population, we could conclude that the Job Training Partnership Act is indeed serving those people whom the Congress had intended.

Thank you, Mr. Chairman.

[The prepared statement of Ms. McQuown follows:]

WRITTEN TESTIMONY

BY

BARBARA C. MCQUOWN
DIRECTOR

NATIONAL COMMISSION FOR EMPLOYMENT POLICY

SUBMITTED TO

THE

UNITED STATES SENATE

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

JUNE 8, 1988

THE COMMISSION WISHES TO THANK THE CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE FOR THIS OPPORTUNITY TO INFORM YOU OF OUR RECENT EFFORT TO EVALUATE WHO IS BEING SERVED BY THE JOB TRAINING PARTNERSHIP ACT (JTPA) PROGRAMS. OUR TESTIMONY WILL FOCUS ON THE SIGNIFICANT FINDINGS FROM OUR RECENT REPORT ENTITLED, "WHO IS SERVED IN JTPA PROGRAMS: PATTERNS OF PARTICIPATION AND INTERGROUP EQUITY." THIS TESTIMONY WILL ALSO DISCUSS SOME NEW INFORMATION ON THOSE ELIGIBLES NOT SEEKING EMPLOYMENT.

BEFORE BEGINNING MY DISCUSSION ON OUR RESEARCH, I WOULD LIKE TO RESPOND TO YOUR REQUEST FOR OUR RECOMMENDATIONS FOR ADJUSTMENTS TO THE STATUTORY FUNDING FORMULA FOR TITLES II-A AND II-B OF JTPA. THE STUDY ON WHICH WE ARE REPORTING TO YOU TODAY

DOES NOT EVALUATE THE EQUITY OF THE FORMULA. THE COMMISSION, HOWEVER, DID ADDRESS ONE ASPECT OF THE FORMULA PROCESS, FUNDING STABILITY, IN OUR COMPREHENSIVE REPORT ON JTPA. SPECIFICALLY, THE COMMISSION SUPPORTED THE 1986 AMENDMENTS WHICH GUARANTEED THAT LOCAL PROGRAMS WOULD NO LONGER FACE RADICAL SHIFTS IN FUNDING FROM YEAR TO YEAR THROUGH A 90% "HOLD-HARMLESS" PROVISION. THE COMMISSION CONTINUES TO SUPPORT THE CONCEPT OF FUNDING STABILITY TO LOCAL PROGRAMS. IN ADDITION, THE COMMISSION SUPPORTS THE ORIGINAL LEGISLATIVE INTENT TO BASE THE JTPA TITLE II-A ALLOCATION FORMULA ON BOTH ECONOMIC AND POVERTY DIMENSIONS. WITH RESPECT TO THE TITLE II-B ALLOCATION FORMULA, WE ARE IN AGREEMENT WITH THE ADMINISTRATION'S PROPOSAL TO ADJUST THE FORMULA MECHANISM.

THE COMMISSION HAS FOCUSED A GREAT AMOUNT OF RESEARCH ENERGY ON EXAMINING THE JOB TRAINING PARTNERSHIP ACT. AS I JUST MENTIONED, LAST SEPTEMBER WE TRANSMITTED TO THE PRESIDENT AND CONGRESS A COMPREHENSIVE EXAMINATION OF THIS ACT'S FIRST THREE YEARS OF OPERATION. SUBSEQUENT TO ITS PUBLICATION, WE HAVE UNDERTAKEN A NUMBER OF TOPICAL STUDIES RELATED TO JTPA.

OUR MOST SIGNIFICANT RECENT EFFORT IS A MAJOR REVIEW OF THE "EFFECTS OF PERFORMANCE STANDARDS ON JTPA PROGRAM MANAGEMENT PRACTICES, COSTS, AND CLIENT SELECTION." THIS STUDY WAS UNDERTAKEN AT THE SUGGESTION OF CONGRESSMEN HAWKINS AND JEFFORDS. THIS PROJECT INVOLVING AN EXTENSIVE SURVEY OF ALL STATE AND LOCAL JTPA POLICYMAKERS AND ADMINISTRATORS AS WELL AS ON-SITE VISITS TO EIGHT STATES, 30 SERVICE DELIVERY AREAS, AND 90 SERVICE PROVIDERS. WE WILL BE REPORTING TO YOU ON THIS EFFORT AT THE END OF THIS SUMMER.

THE COMMISSION HAS BEEN WORKING ON OTHER RESEARCH PROJECTS WHICH ARE TARGETED TO ENCOURAGING SERVICES TO THE HARD-TO-SERVE CLIENTELE. RELATED TO THIS TARGETING FOCUS, WE PLAYED AN ACTIVE ROLE WITH THE DEPARTMENT OF LABOR (DOL) ON THE DEVELOPMENT OF NEW PERFORMANCE STANDARDS AND REPORTING REQUIREMENTS WHICH WILL HOLD

SERVICE PROVIDERS HARMLESS FOR MORE INTENSE INTERVENTION TO KEY TARGET GROUPS SUCH AS LONG-TERM WELFARE RECIPIENTS.

ONE BASIC THEME THAT IS COMMON THROUGHOUT OUR FOCUS ON JTPA IS "WHO IS BEING SERVED?" TODAY WE PRESENT TO YOU THE RESULTS OF A STUDY DIRECTLY ADDRESSING THIS QUESTION.

WE FEEL THIS STUDY OFFERS TWO VALUABLE CONTRIBUTIONS. FIRST, IT OFFERS A PROPOSED STRUCTURE AND SOME DEFINITION TO THE DEBATE OVER "WHO IS BEING SERVED." SECOND, IT OFFERS A NEW PERSPECTIVE AT EXAMINING WHO IS ELIGIBLE AND WHO IS BEING SERVED BY JTPA.

IN GENERAL, THE STUDY FOUND THAT JTPA IS DOING A GOOD JOB OF SERVING TWO KEY GROUPS TARGETED BY THE ACT: RECIPIENTS TO AID TO FAMILIES WITH DEPENDENT CHILDREN AND YOUTH DROPOUTS. HOWEVER, WE HAVE ALSO IDENTIFIED UNDERSERVICE PATTERNS IN THE AREAS OF ADULT DROPOUTS AND HISPANIC MALES.

METHODOLOGY

THIS STUDY DOES MORE THAN COUNT AND DESCRIBE PARTICIPANTS IN JTPA. IT DISCUSSES THE PROVISIONS OF THE ACT THAT RELATE TO WHO SHOULD BE SERVED AND ANALYZES FACTORS THAT AFFECT THE DECISIONS OF PROGRAM-ELIGIBLES TO PARTICIPATE. TO THIS END, THIS RESEARCH FOCUSES ON INFORMATION ABOUT JTPA ELIGIBLES AND PARTICIPANTS BY LABOR FORCE STATUS. THAT IS, WHETHER A PERSON IS EITHER: A) EMPLOYED, B) NOT IN THE LABOR FORCE, OR C) UNEMPLOYED, AS DEFINED BY THE BUREAU OF LABOR STATISTICS. AS WE SHALL DEMONSTRATE, ANALYSIS AMONG BY LABOR FORCE STATUS, IS AN IMPORTANT PERSPECTIVE IN LOOKING AT JTPA SERVICE PATTERNS TO ELIGIBLES.

WE BEGAN THIS ANALYSIS AT THE SOURCE, THE ACT ITSELF. SECTION 141 (c) OF THE JOB TRAINING PARTNERSHIP ACT STATES:

"EACH JOB TRAINING PLAN SHALL PROVIDE EMPLOYMENT AND TRAINING

OPPORTUNITIES TO THOSE WHO CAN BENEFIT FROM, AND WHO ARE MOST IN NEED OF, SUCH OPPORTUNITIES AND SHALL MAKE EFFORTS TO PROVIDE EQUITABLE SERVICES AMONG SUBSTANTIAL SEGMENTS OF THE ELIGIBLE POPULATION."

USING THE ABOVE GUIDANCE, STATES AND PRIVATE INDUSTRY COUNCILS (PICS) ARE REQUIRED TO ESTABLISH PROGRAMS, RECRUIT PARTICIPANTS, AND TRAIN ELIGIBLE PERSONS FOR AVAILABLE JOBS, ANOTHER MANDATE OF THE ACT.

SINCE MANY OF THE TERMS FROM THIS LEGISLATIVE STARTING POINT WERE UNDEFINED, THIS PAPER'S FIRST TASK WAS TO INTERPRET THESE PROVISIONS AND EXAMINE THEIR APPLICATION. FOR EXAMPLE:

"BENEFIT FROM" IMPLIES, FOR THE MOST PART, SEEKING WORK OR BE "JOB ORIENTED," (I.E., USUALLY INDICATED BY THE LABOR FORCE CLASSIFICATION OF "UNEMPLOYED"). FOR SOME, SUCH AS IN-SCHOOL YOUTH, "BENEFIT FROM" MAY GO FURTHER AND IMPLY A CAPACITY TO IMPROVE THEIR FUTURE EMPLOYABILITY.

"MOST IN NEED," THE AREA MOST OFTEN OPEN TO INTERPRETATION, IS EXAMINED ALONG INCOME, EDUCATION AND UNEMPLOYMENT DIMENSIONS. WITH RESPECT TO INCOME, THE STUDY ANALYZES SERVICE PATTERNS IN RELATION TO VARIOUS OFFICE OF MANAGEMENT AND BUDGET (OMB) POVERTY LEVELS (I.E., 50% , 70%, 90%, AND 100% OF OMB POVERTY). WITH RESPECT TO EDUCATION, THIS STUDY ANALYZES SERVICE PATTERN OF HIGH SCHOOL COMPLETERS AND DROPOUTS. FINALLY, WITH RESPECT TO UNEMPLOYMENT, THE STUDY ANALYZES SERVICE PATTERNS BY LABOR FORCE STATUS.

THE WORDS "SUBSTANTIAL SEGMENTS" ARE DEFINED ALONG THOSE TRADITIONAL DEMOGRAPHIC LINES WHICH HAVE HISTORICALLY BEEN DIRECTED AT MINORITY, SEX AND AGE GROUP ANALYSIS. ALTHOUGH OTHER GROUPS ARE MENTIONED IN THE ACT OR BY POLICYMAKERS AS TARGETS FOR SERVICES (E.G., HANDICAPPED, DISPLACED HOMEMAKERS, VETERANS, AND MOST RECENTLY, HOMELESS), CONSISTENT AND RELIABLE DATA FOR

ANALYSIS OF THESE GROUPS WERE OFTEN NOT AVAILABLE.

FINALLY, "EQUITABLE SERVICE" IS MEASURED BY ESTIMATING AND COMPARING THOSE ENROLLED HAVING PARTICULAR CHARACTERISTICS WITH THEIR INCIDENCE IN THE ELIGIBLE POPULATION. AS BENCHMARKS, SERVICE LEVELS THAT ARE PROPORTIONATE TO A GROUP'S REPRESENTATION IN THE ELIGIBLE POPULATION ARE ASSUMED TO BE EQUITABLE.

THERE ARE TWO ADDITIONAL PIECES TO THIS STUDY'S METHODOLOGY WE NEED TO BRIEFLY DISCUSS AT THIS POINT.

FIRST, THIS STUDY USES DATA FROM THE THE JOB TRAINING QUARTERLY SURVEY (JTQS) REPORTING SYSTEM FOR PROGRAM YEARS 1984 AND 1985 (I.E., JULY 1, 1984 TO JUNE 30, 1986) AND THE MARCH 1986 CURRENT POPULATION SURVEY (CPS).

THE JTQS SURVEY IS A NATIONALLY REPRESENTATIVE DATA SET OF PARTICIPANTS' SOCIOECONOMIC CHARACTERISTICS, IN-PROGRAM ACTIVITIES, AND LABOR MARKET EXPERIENCES COLLECTED ON AN ONGOING BASIS FROM SERVICE DELIVERY AREA (SDA) RECORDS. JTQS SAMPLE DESIGN INCLUDES QUARTERLY SAMPLES OF 6,000 NEW ENROLLEES AND 3,000 TERMINEES FROM 194 SDAS.

THE USE OF DATA FOR TWO, RATHER THAN ONLY ONE, PROGRAM YEARS WAS NECESSARY TO OBTAIN SUFFICIENT SAMPLE SIZES FOR DETAILED SUBGROUP ANALYSES.

THE CPS IS A MONTHLY SURVEY OF ABOUT 60,000 HOUSEHOLDS CONDUCTED BY THE BUREAU OF THE CENSUS FOR THE BUREAU OF LABOR STATISTICS. THE SAMPLE IS NATIONALLY REPRESENTATIVE AND IS USED TO DETERMINE THE NATIONAL UNEMPLOYMENT RATE. THE MARCH 1986 SURVEY INCLUDES DATA ON THE AMOUNT AND SOURCES OF INCOME IN THE PREVIOUS CALENDAR YEAR (1985). AN ELIGIBILITY ALGORITHM REFLECTING THE "ECONOMICALLY DISADVANTAGED" JTPA TITLE II-A ELIGIBILITY RULES WAS APPLIED TO THIS MARCH 1986 CPS DATA FILE.

FOR THE PURPOSES OF COMPARING ELIGIBLES AND PARTICIPANTS, OUR STUDY DEVELOPED A STATISTIC CALLED THE "PARTICIPATION RATE." THE PARTICIPATION RATE IS THE (ANNUAL) PERCENTAGE OF JTPA PARTICIPANTS IN A GIVEN SUBGROUP CATEGORY OF THAT SUBGROUP'S ELIGIBLE POPULATION. THAT IS, THE NUMBER OF JTPA PARTICIPANTS IN A GIVEN SUBGROUP POPULATION, DIVIDED BY THE NUMBER OF PEOPLE ELIGIBLE FROM THAT SUBGROUP POPULATION.

SECOND, THIS ANALYSIS FOCUSED ON THOSE REQUIREMENTS OF THE ACT WHICH WERE RELATED TO "WHO SHOULD BE SERVED." HERE WE EXAMINED THREE AREAS: ELIGIBILITY; ALLOCATION FORMULA; AND SPECIAL TARGETING PROVISIONS OF THE ACT.

Eligibility

THE ELIGIBILITY REQUIREMENTS FOR TITLE II-A PROGRAMS ARE BROAD, IN FACT BROADER THAN ANY PREVIOUS EMPLOYMENT AND TRAINING PROGRAM FOCUSED AT OVERCOMING STRUCTURAL UNEMPLOYMENT. THIS IS CONSISTENT WITH THE GENERAL THEME OF FLEXIBILITY IN THE JTPA LEGISLATION. INSTEAD OF IMPOSING RIGID STANDARDS ON PARTICIPANT MIX, THE BROAD ELIGIBILITY RULES ALLOW STATES AND PRIVATE INDUSTRY COUNCILS TO DEVELOP POLICIES FOR PARTICIPANT SELECTION THAT REFLECT LOCAL NEEDS AND PRIORITIES.

SPECIFICALLY, THE ACT REQUIRES THAT A PERSON BE ECONOMICALLY DISADVANTAGED TO BE ELIGIBLE FOR THE PROGRAM. PICS CAN ENROLL, UP TO 10 PERCENT, PARTICIPANTS WHO ARE NOT ECONOMICALLY DISADVANTAGED BUT HAVE ENCOUNTERED OTHER BARRIERS OF EMPLOYMENT SUCH AS LIMITED ENGLISH-LANGUAGE PROFICIENCY OR PHYSICAL DISABILITIES.

IN LOOKING AT THE DATA ON THE ELIGIBLE POPULATION, WE WERE STRUCK BY THE FACT THAT THE NUMBERS OF PERSONS ELIGIBLE FOR JTPA WERE INCREASED SIGNIFICANTLY FROM COMPREHENSIVE EMPLOYMENT AND TRAINING ACT (CETA). FOR EXAMPLE, AMONG PERSONS 14 AND OVER, 21 PERCENT OF THE POPULATION, OR NEARLY 39 AND A HALF MILLION

PERSONS, WERE ELIGIBLE FOR TITLE II-A OF JTPA. WHILE ONLY 13.3 PERCENT, OR SLIGHTLY MORE THAN 25 MILLION PERSONS, WOULD HAVE BEEN ELIGIBLE USING CETA'S TITLE II-B ELIGIBILITY CRITERION.

JTPA REQUIRES THAT ELIGIBILITY DETERMINATION BE BASED SOLELY ON ECONOMICALLY DISADVANTAGED CRITERIA. WHILE CETA REQUIRED THAT A PERSON BE ECONOMICALLY DISADVANTAGED AND EITHER UNEMPLOYED OR UNDEREMPLOYED IN ORDER TO BE ELIGIBLE FOR SERVICES. THIS RESULTED IN INCREASING THE ELIGIBLE POPULATION BY MORE THAN 50%, OR 14 MILLION PEOPLE, FROM THE POPULATION THAT WOULD HAVE BEEN ELIGIBLE UNDER CETA.

Allocation Formula

THE NEXT AREA WITH RESPECT TO ACT'S REQUIREMENTS WAS THE DIRECTION ON ALLOCATION OF FUNDS. HERE WE SEE MORE EMPHASIS ON AN "UNEMPLOYMENT" CRITERIA AS OPPOSED TO AN INCOME CRITERIA.

THE ACT SPECIFIES THAT THE ALLOCATION OF JTPA TITLE II-A FUNDS TO THE STATES AND SDAS (78 PERCENT OF THE FUNDS) IS TO BE BASED ON A THREE-PART FORMULA: TWO-THIRDS OF THESE FUNDS ARE TO BE ALLOCATED ON THE BASIS OF MEASURES DIRECTLY RELATED TO UNEMPLOYMENT, (RELATIVE UNEMPLOYMENT AND RELATIVE EXCESS UNEMPLOYMENT), WHILE ONE-THIRD OF THE FUNDS ARE TO BE ALLOCATED ON THE BASIS OF THE RELATIVE NUMBER OF ECONOMICALLY DISADVANTAGED INDIVIDUALS IN THE AREA. THIS ALLOCATION FORMULA REFLECTS THE LEGISLATIVE CONCERN WITH TARGETING AREAS WITH GREATER NUMBERS OF UNEMPLOYED, AND SPECIFICALLY THE LONG-TERM UNEMPLOYED ELIGIBLES.

Special Targeting

THE LAST AREA OF REQUIREMENTS WE LOOKED AT WAS LANGUAGE ADDRESSING SPECIAL TARGETING.

AS MENTIONED EARLIER, THE ACT PRESCRIBES THAT EFFORTS SHALL BE MADE TO PROVIDE EQUITABLE SERVICES AMONG SUBSTANTIAL SEGMENTS

OF THE ELIGIBLE POPULATION. FURTHERMORE, SECTION 203 DIRECTLY ADDRESSES THE TARGETING OF SERVICES TO YOUTH, AFDC RECIPIENTS, AND SCHOOL DROPOUTS. IT MANDATES THAT 40 PERCENT OF TITLE II-A FUNDS ALLOCATED TO SERVICE DELIVERY AREAS BE SPENT ON SERVICES TO ELIGIBLE YOUTH. AND IT REQUIRES EQUITABLE SERVICE BE GIVEN TO CERTAIN AFDC ELIGIBLES, WITH PARTICULAR EMPHASIS ON WORK INCENTIVE PROGRAM (WIN) MANDATORIES, AND SCHOOL DROPOUTS.

IN SUMMARY, ALTHOUGH JTPA ELIGIBILITY RULES ARE BROAD, OTHER ASPECTS OF THE LEGISLATION SUGGEST TARGETING. THE ACT IS CONCERNED WITH INTERGROUP EQUITY AND THE REDUCTION OF WELFARE DEPENDENCY. UNEMPLOYED ELIGIBLES, WELFARE RECIPIENTS, AND GROUPS FACING BARRIERS TO EMPLOYMENT RECEIVE SPECIAL CONSIDERATION IN DIFFERENT PARTS OF THE LAW.

AS INDICATED, THE EMPHASIS OF THIS RESEARCH ON THE RELATIONSHIP BETWEEN LABOR FORCE STATUS (I.E., EMPLOYED, UNEMPLOYED, OR NOT IN THE LABOR FORCE) AND PROGRAM PARTICIPATION OFFERS A NEW PERSPECTIVE IN THE ANALYSIS OF WHO IS BEING SERVED UNDER JTPA. TO THIS END, THIS STUDY EXAMINES THOSE JTPA ELIGIBLES WHO ARE "UNEMPLOYED," THAT IS THOSE WHO ARE ACTIVELY SEEKING EMPLOYMENT, APART FROM THOSE WHO ARE EITHER ALREADY EMPLOYED OR ARE NOT ACTIVELY SEEKING EMPLOYMENT.

IN ADDITION, THE "UNEMPLOYED ELIGIBLES" RECEIVE SPECIAL ATTENTION FOR TWO SPECIFIC REASONS.

FIRST, AS MENTIONED EARLIER, THE ACT PLACES SPECIAL EMPHASIS ON THE UNEMPLOYED THROUGH ITS ALLOCATION FORMULA. SECOND, THE DECISIONS OF ELIGIBLES TO PARTICIPATE IN JTPA PROGRAMS IS CORRELATED WITH THEIR LABOR FORCE STATUS.

FOR EXAMPLE, THOSE ELIGIBLES WHO ARE NOT IN THE LABOR FORCE GENERALLY ARE NOT AVAILABLE FOR EMPLOYMENT, AND THEREFORE, ARE NOT PRIME CANDIDATES FOR ENROLLING IN JOB TRAINING PROGRAMS. FURTHERMORE, JTPA EMPHASIS ON TRAINING SUGGESTS THAT MANY OF THE

EMPLOYED ELIGIBLES ARE UNLIKELY TO LEAVE THEIR PRESENT JOBS TO PARTICIPATE IN JTPA PROGRAMS.

THEREFORE, MUCH OF THIS ANALYSIS OF PARTICIPATION PATTERNS CENTERS ON "UNEMPLOYED" ELIGIBLES AS MOST INDICATIVE, BUT NOT EXCLUSIVELY, OF THOSE MOST IN NEED AND ABLE TO BENEFIT FROM JTPA TRAINING. THE FOCUS ON THE UNEMPLOYED DOES NOT IMPLY THAT PERSONS IN THE OTHER LABOR FORCE STATUS CATEGORIES (I.E., NOT IN THE LABOR FORCE AND EMPLOYED) ARE NOT ALSO IN NEED. AND AS THE DATA WILL SHOW US, THERE ARE SIGNIFICANT NUMBERS FROM THESE TWO GROUPS BEING SERVED BY JTPA PROGRAMS.

FINDINGS

AS MENTIONED ABOVE, THIS STUDY CONCENTRATES ITS ANALYSIS OF PARTICIPATION PATTERNS AND INTERGROUP EQUITY WITHIN THE CONTEXT OF LABOR FORCE STATUS.

LOOKING AT THE ELIGIBLE AND PARTICIPANT POPULATION WITH THIS PERSPECTIVE, WE SEE THAT THERE ARE CONSERVATIVELY SPEAKING NEARLY 32 MILLION PEOPLE, AGE 16-64, ELIGIBLE FOR JTPA. ANNUALLY, JTPA SERVES NEARLY THREE QUARTERS OF A MILLION PERSONS, OR ABOUT 2.3% OF THE TOTAL ELIGIBLE POPULATION.

BY LOOKING AT THE ELIGIBLE AND PARTICIPANT POPULATIONS BY LABOR FORCE STATUS, WE FIND THAT NEARLY 88% OF THE ELIGIBLES ARE EITHER ALREADY EMPLOYED OR NOT IN THE LABOR FORCE. ON THE PARTICIPANT SIDE, ONLY 33% COME FROM THESE TWO LABOR FORCE CATEGORIES.

HOWEVER, BY COMPARING ONLY THOSE UNEMPLOYED ELIGIBLES WITH UNEMPLOYED PARTICIPANTS, WE SEE A MUCH GREATER "MARKET PENETRATION" WITH A 12.9% PARTICIPATION RATE.

LOOKING A LITTLE CLOSER AT THE CHARACTERISTICS OF THOSE AMONG

THE UNEMPLOYED ELIGIBLE POPULATION THAT ARE BEING SERVED, WE FOUND THAT WITHIN MINORITY CATEGORIES, ABOVE AVERAGE PARTICIPATION FOR BLACKS, PARTICULARLY FEMALE BLACKS; BUT LOWER THAN AVERAGE RATES FOR HISPANICS. ALTHOUGH FEMALE HISPANICS AGAIN WERE ABOVE THE BENCHMARK, WE FOUND THE HISPANIC MALE RATES SIGNIFICANTLY BELOW. THE STUDY DISCUSSES SOME POSSIBLE REASONS FOR THE LOW HISPANIC MALE RATES. THESE INCLUDE THE STRONG POSSIBILITY THAT DUE TO GEOGRAPHICAL CONCENTRATION OF THE HISPANIC COMMUNITY IN CERTAIN PARTS OF THE COUNTY, THE SAMPLING DATA MAY BE UNDERESTIMATING THIS GROUP PARTICIPATION RATE.

AN AREA OF INTEREST BOTH IN TERMS OF TARGETING REQUIREMENTS AND CONTINUED LEGISLATIVE INTEREST IS AFDC RECIPIENTS. THE STUDY NOTES SOME DIFFICULTY ASSESSING THE SPECIFIC TARGETING REQUIREMENTS OF SERVING WIN MANDATORIES. THIS IS BECAUSE THE JTPA REPORTING SYSTEM ONLY IDENTIFIES WHETHER OR NOT A PERSON IS AN AFDC RECIPIENT IN GENERAL. THEREFORE, SPECIFIC DATA WAS NOT AVAILABLE ON WHETHER AN AFDC RECIPIENT WAS A PARTICIPANT IN A WIN MANDATORY OR VOLUNTARY PROGRAM. HOWEVER, AS A STRONG PROXY WE FOUND EXCELLENT PARTICIPATION RATES FOR FEMALE AFDC RECIPIENTS, AT 16.1%.

WE ALSO LOOKED AT ANOTHER GROUP DEMOGRAPHICALLY SIMILAR TO AFDC MOTHERS, SINGLE WOMEN WITH DEPENDENTS, AND FOUND VERY SIMILAR PARTICIPATION RATES.

RELATED TO THE AGE ISSUE, WE SEE THE EFFECTS OF THE TARGETING PROVISION ON YOUTH. SINCE YOUTH ONLY COMPRISE 17.8% OF THE ELIGIBLE POPULATION, PARTICIPATION RATES MUST BE MUCH HIGHER FOR YOUTH THAN ADULTS IN ORDER TO MEET THE 40% EXPENDITURE REQUIREMENT -- ASSUMING UNIT SERVICE COSTS ARE THE SAME. SINCE YOUTH UNIT SERVICE COSTS HAVE BEEN ABOUT 8% LOWER THAN ADULTS, THE TASK OF ACHIEVING THE REQUIRED YOUTH EXPENDITURE LEVEL IS EVEN MORE CHALLENGING. YET CLEARLY WE FOUND THAT PICS HAVE MET THAT CHALLENGE WITH DRAMATICALLY HIGH YOUTH PARTICIPATION RATE OF 28.3%.

FINALLY, WITH RESPECT TO THE EDUCATIONAL ISSUE, TARGETING SCHOOL DROPOUTS, WE FOUND DRAMATIC PARTICIPATION RATES FOR YOUTH DROPOUTS, BUT DISAPPOINTING RATES FOR ADULT DROPOUTS. SPECIFICALLY, ONE FOURTH OF THE ELIGIBLE UNEMPLOYED YOUTH ARE DROPOUTS, BUT ONE THIRD OF THE UNEMPLOYED YOUTH PARTICIPANTS ARE DROPOUTS. WE FOUND THE REVERSE FOR THE UNEMPLOYED ADULTS WHERE OVER ONE THIRD OF THE ELIGIBLE UNEMPLOYED ADULT ARE DROPOUTS, BUT SLIGHTLY MORE THAN ONE QUARTER OF UNEMPLOYED PARTICIPANTS WERE DROPOUTS.

THE STUDY DOES DISCUSS SEVERAL FACTORS WHICH MAY HAVE A BEARING ON THE LOW ADULT DROPOUT RATE. FIRST, PERFORMANCE STANDARDS FOR ADULTS ARE PLACEMENT BASED WHILE THOSE STANDARDS FOR YOUTH CAN TAKE INTO ACCOUNT OUTCOMES, SUCH AS ATTAINMENT OF A BASIC SKILL COMPETENCY. THEREFORE, PICS MAY HAVE GREATER INCENTIVE TO SERVE THE MORE JOB READY, OR MORE EDUCATED, ADULT. HOWEVER, FOR YOUTH, THERE ARE MORE INCENTIVES TO SERVE THE DROPOUT WITHIN THE PERFORMANCE STANDARD SYSTEM.

SECOND, DISCOMFORT WITH FORMAL CLASSROOM TRAINING MAY REDUCE THE PARTICIPATION OF ADULT HIGH SCHOOL DROPOUTS, PARTICULARLY THE OLDER ADULT DROPOUT. FINALLY, ADULT HIGH SCHOOL DROPOUTS TEND TO BE OLDER, AND OLDER ADULT ELIGIBLES ARE LESS LIKELY TO PARTICIPATE IN JTPA REGARDLESS OF EDUCATIONAL STATUS.

AT THIS POINT I WOULD LIKE TO RESPOND TO THE COMMITTEE'S REQUEST TO EXAMINE THE CHARACTERISTICS OF THOSE ELIGIBLES WHO ARE NOT IN THE LABOR FORCE. WE FOUND THE FOLLOWING:

O NEARLY 80% OF THESE INDIVIDUALS IDENTIFIED ONE OF THE FOLLOWING FOUR REASONS FOR NOT ACTIVELY SEEKING EMPLOYMENT: 1) RESPONSIBLE FOR HOUSEKEEPING AND/OR CHILD CARE DUTIES (44%); 2) WERE IN SCHOOL (17%); 3) HAD HEALTH PROBLEMS OR SEVERE PHYSICAL DISABILITIES (9%); OR 4) WERE RETIRED (9%).

O 77% OF THE ELIGIBLE INDIVIDUALS WHO ARE NOT IN THE LABOR

FORCE HAD NOT SOUGHT ANY EMPLOYMENT NOR WERE EMPLOYED AT ALL FOR THE YEAR PRIOR TO BEING SURVEYED.

O CHARACTERISTICS OF THE NOT IN THE LABOR FORCE POPULATION WERE SIMILAR IN MOST RESPECTS TO THE UNEMPLOYED ELIGIBLE POPULATION EXCEPT THAT THOSE NOT IN THE LABOR FORCE WERE MORE LIKELY TO BE FEMALE, OLDER AND A DROPOUT THAN THE UNEMPLOYED ELIGIBLES.

O NEARLY 19% OF THOSE NOT IN THE LABOR ELIGIBLES COULD BE CLASSIFIED AS DISCOURAGED WORKERS.

O 58% OF THESE DISCOURAGED WORKERS GAVE THREE REASONS FOR NOT SEEKING WORKING: 1) ILL HEALTH, 2) WERE IN-SCHOOL, OR 3) HAD MISCELLANEOUS REASONS INCLUDING ADVERSE IMPACT ON RETIREMENT BENEFITS. THE REMAINING 42% INDICATED THE FOLLOWING FOUR REASONS FOR NOT SEEKING WORK: 1) HOME AND/OR CHILD CARE RESPONSIBILITIES; 2) BELIEVED NO JOB EXISTED (OR COULD NOT FIND) IN THEIR OCCUPATION OR AREA; 3) LACK OF SCHOOLING OR TRAINING; OR 4) FELT THEIR AGE OR PHYSICAL HANDICAP WAS A BARRIER TO EMPLOYMENT.

CONCLUSIONS AND RECOMMENDATIONS

AMONG THE ECONOMICALLY DISADVANTAGED, THE ACT DIRECTS THAT JTPA SERVICES BE TARGETED TO "THOSE WHO CAN BENEFIT FROM" THEM. CONSEQUENTLY, THE COMMISSION DEVELOPED AN APPROACH WHICH TOOK INTO ACCOUNT THE VAST NUMBERS OF PEOPLE ELIGIBLE FOR JTPA, LEGISLATIVE INTENT, AND EMPLOYMENT STATUS. THEREFORE, THIS STUDY EXAMINED PARTICIPATION PATTERNS IN THE CONTEXT OF THE INDIVIDUAL'S LABOR FORCE STATUS — THAT IS, WHETHER A PERSON IS EMPLOYED, UNEMPLOYED, OR NOT IN THE LABOR FORCE AS DEFINED BY THE BUREAU OF LABOR STATISTICS.

EXAMINING THE ELIGIBLE AND PARTICIPANT POPULATIONS BY LABOR

FORCE STATUS, WE FIND THAT NEARLY 88% OF THE ELIGIBLES ARE EITHER ALREADY EMPLOYED OR NOT IN THE LABOR FORCE.

LOOKING AT PARTICIPATION DATA, WE FOUND THAT ABOUT 33% OF THE PARTICIPANTS CAME FROM THE EMPLOYED AND NOT IN THE LABOR FORCE CATEGORIES. THESE DATA INDICATE THAT WHILE THE MAJORITY OF PARTICIPANTS ARE COMING FROM THE "UNEMPLOYED-ELIGIBLES," JTPA PROGRAMS ARE STILL SERVING SIGNIFICANT NUMBERS OF PERSONS FROM THE NOT IN THE LABOR FORCE AND THE EMPLOYED ELIGIBLE POPULATIONS.

THE STUDY CONTRASTS THE WIDELY-HELD VIEW THAT JTPA IS ONLY ABLE TO SERVE BETWEEN TWO AND THREE PERCENT OF THE ENTIRE ELIGIBLE POPULATION, WITH A MUCH IMPROVED PERSPECTIVE THAT NEARLY THIRTEEN PERCENT OF THE UNEMPLOYED-ELIGIBLE POPULATION ARE BEING SERVED BY JTPA PROGRAMS.

WITHIN THE UNEMPLOYED-ELIGIBLE POPULATION, THE STUDY SHOWS THAT JTPA PARTICIPANTS:

O COME FROM THE LOWER INCOME LEVELS OF THIS GROUP;

O ARE EQUITABLY REPRESENTATIVE OF MINORITIES AND FEMALES; AND

O ARE REFLECTIVE OF TARGETED POPULATIONS WITH THE NOTABLE EXCEPTION OF ADULT SCHOOL DROPOUTS.

THE COMMISSION HAS LOOKED AT THESE FINDINGS AND OTHER OBSERVATIONS FROM THIS RESEARCH AND HAS CONCLUDED THE FOLLOWING:

FIRST, THE COMMISSION SUPPORTS AND RECOMMENDS CLEAR CONGRESSIONAL TARGETING BE IMPLEMENTED FOR THE LONG-TERM WELFARE RECIPIENTS. IT IS APPARENT THAT THE JTPA DELIVERY SYSTEM IS RESPONSIVE TO LEGISLATIVE TARGETING AS DEMONSTRATED BY EXCELLENT PARTICIPATION RATES IN THE YOUTH, YOUTH DROPOUT, AND WELFARE RECIPIENT AREAS.

SECOND, THE COMMISSION HAS URGED PRIVATE INDUSTRY COUNCILS AND STATES TO REVIEW THEIR EMPHASES ON SERVICES TO ADULT SCHOOL DROPOUTS AND HISPANIC MALES BECAUSE OUR ANALYSIS INDICATES UNDERSERVICE TO THESE TWO GROUPS.

THIRD, THE COMMISSION HAS RECOMMENDED TO THE DEPARTMENT OF LABOR AND THE STATES THE NEED TO ENSURE JTPA ADMINISTRATIVE DATA WERE COLLECTED FULLY IN THE AREAS OF INCOME AND AGE OF DEPENDENTS FOR CERTAIN GROUPS THAT ARE AUTOMATICALLY CLASSIFIED AS ECONOMICALLY DISADVANTAGED. WE STRESSED THESE LAST TWO RECOMMENDATIONS RECENTLY AT THE FIRST MEETING OF THE NATIONAL ASSOCIATION OF STATE JOB TRAINING COORDINATING COUNCIL CHAIRS SPONSORED BY THE COMMISSION.

FOURTH, WE RECOMMEND SPECIFIC DATA COLLECTION ON:

O TEENAGE PARENTS, A TARGET GROUP THAT THE CONGRESSIONAL BUDGET OFFICE SUGGESTED WOULD PROVE TO BE A GREAT RETURN ON INVESTMENT OF FEDERAL TRAINING DOLLARS; AND

O TYPE OF WORK-WELFARE PROGRAM THAT PARTICIPANTS ARE ENROLLED IN, TO BETTER DETERMINE JTPA COMPLIANCE WITH THE ACT.

AND FINALLY, WE SUPPORT THE DEPARTMENT OF LABOR'S COMPREHENSIVE NET IMPACT STUDY TO BETTER EVALUATE THE EFFECTIVENESS OF JTPA SERVICES.

IN CLOSING, I WOULD LIKE TO EMPHASIZE TWO POINTS.

ONE, THE COMMISSION IS GREATLY CONCERNED ABOUT THE WORKFORCE READINESS ISSUE. THAT IS ONE REASON WE ARE DEEPLY TROUBLED ABOUT THE DATA ON SERVICES TO ADULT HIGH SCHOOL DROPOUTS. HOWEVER, WE BELIEVE THAT FOCUSING EXCLUSIVELY ON DROPOUT DATA MISSES THE REAL ISSUE, THAT IS, DETERMINING THE BASIC SKILL LEVELS OF PARTICIPANTS. FOR THIS REASON, WE STRONGLY SUPPORT DOL IN THEIR EFFORTS TO ASSESS THE READING PROFICIENCY OF ALL JTPA ENROLLEES.

IN FACT, WE HAVE JUST PUBLISHED A REPORT WHICH WE HOPE WILL PROVIDE VALUABLE TECHNICAL ASSISTANCE TO THOSE INTERESTED IN PURSUING BASIC SKILLS TESTING.

TWO, SINCE HIGH SCHOOL DROPOUTS AND HISPANIC MALES WERE THE ONLY GROUPS WHICH DID NOT EXHIBIT RATES COMPARABLE TO THEIR INCIDENCE IN THE ELIGIBLE POPULATION, WE CAN CONCLUDE THAT THE JOB TRAINING PARTNERSHIP ACT IS, INDEED, SERVING THOSE PEOPLE WHOM THE CONGRESS HAD INTENDED.

Senator SIMON. I thank you for your testimony.

Mr. Schneider, we are very happy to have you with us.

Mr. SCHNEIDER. Thank you, Mr. Chairman. My name is Glen Schneider and I represent the consulting firm of ABT Associates, Incorporated of Cambridge, Massachusetts. I am here to report the results of a research project conducted under contract with the United States Department of Labor in 1986.

The project was entitled, "An Assessment of Funding Allocations Under the Job Training Partnership Act", and was designed to critically review the current approach to distributing program funds under Title II of the Act.

As most of you are aware, the Title II allocation formula distributes funds based on three factors. That is, a State or a local area service delivery area's share of funding is based on their share of the economically disadvantaged population, their share of the excess unemployed population, and their share of unemployed people living in what is called the areas of substantial unemployment or ASUs.

All three factors carry equal weight in this formula. The formula is used both by the Secretary of Labor to distribute money to the States, and the same formula is used by the Governors to distribute money to the service delivery areas.

Our research was built around a conceptual framework which emphasized a number of key attributes which we felt an allocation or distribution formula should have.

Specifically, in our estimation, we felt an allocation formula should (1) promote equity throughout the JTPA system; (2) promote funding stability from year to year at the local service delivery level; third, be based on data that accurately and currently reflect the measures in the formula; and finally, be simple and intuitively understood by those who it affects.

In reviewing the Title II allocation formula from these perspectives, we asked a number of questions. First, with respect to the issue of distributional equity we asked: does a formula promote equitable allocation of funds as defined or implied by the JTPA legislation?

In answering this question we adopted a very simple definition of equity which suggests that States and local funding should directly reflect an area's share of the JTPA-eligible population.

Under this definition of equity, a State with, for example, 5 percent of the eligible population should very simply receive 5 percent of the program funds.

Applying this definition, we found that the current formula does not distribute JTPA resources in a fully equitable manner.

For example, in 1985, we found that approximately one-third of the eligible population happened to live in central cities, yet these same cities received only 29 percent of the Title IIA funds.

Expressed somewhat differently, central cities receive $31 per eligible individual compared to the average around the country of $38 per economically disadvantaged eligible individual.

The most influential factor promoting this type of inequity appears to be the limited overlap between the disadvantaged population and the unemployed population which is represented by the two other factors—the excess unemployment and ASU unemployment factors.

The two populations have very different geographic distributions as well as very little consistency with respect to their socioeconomic characteristics.

For example, we noted in the study that over one-third of the economically disadvantaged population, that is, the JTPA-eligible population, live in urban areas compared to only one-quarter of the excess unemployed population.

A second example. Of the economically disadvantaged population 16 and over, which are eligible for JTPA, only 6.1 percent were unemployed at the time of the census.

So as you can see, we have factors in the formula that represent very different populations and very different labor-market concepts. These differences, coupled with the combined 66 percent weight attached to the two unemployment-based factors, serves in effect to pull JTPA resources away from areas with the highest concentrations of the eligible population.

The second major question we asked in our report was: does the formula provide stable and predictable funding from year to year to the local service delivery areas?

At the time, we concluded that the formula was failing to provide stability, particularly in some of the smaller service delivery areas. Since that time, however, JTPA has been amended to provide the Governors a "hold harmless" provision to apply to SDA fundings, and presumably this has eliminated some of the year to year funding swings that were previously so destabilizing at the local level.

The third major question we asked concerned the general adequacy of data underlying the formula. Our biggest concern was with the increasing outdatedness of the United States Census which is the basis for estimating the size of the eligible population.

This was of particular importance since we argued that there should be increased emphasis on this factor to improve the distributional equity of the formula.

Our preliminary research has indicated that State level estimates of the eligible population could be updated through the use of the current population survey, the CPS's annual work experience supplement.

Our preliminary calculations suggested that combining the most recent 2 or 3 years of data could provide an updated and more reliable estimate, and we feel that continued exploration of this approach is warranted.

The final set of questions we asked concerned the simplicity and accessability and intuitive appeal of the formula to practitioners and policymakers.

One factor was of particular concern, and that was the reliance on the factor that I referred to before as the ASU factor, or areas of substantial unemployment. The factor currently has very little face validity, and no uniform methodology for calculation at the sub-State level.

In addition, it has been historically subject to creative gerrymandering at the local level in order to maximize SDA funding. This factor very significantly detracts from the overall credibility of the formula in our estimation.

In terms of improvements to the formula, we made a number of recommendations based on the conceptual that I laid out. The first is to increase from 33 percent the formula's estimate on the economically disadvantaged JTPA-eligible population.

Conversely, this applies a decreasing emphasis on the unemployed population.

Thirdly, we suggest eliminating the areas of substantial unemployment factor, to simply the formula and improve its consistency and credibility, and finally consider the use of the current population survey to update the State level estimates of the eligible population which is currently so outdated since it is census-based.

Thank you very much.

[The prepared statement of Mr. Schneider follows:]

Abt Associates Inc.
55 Wheeler Street, Cambridge, Massachusetts 02138-1168
Telephone • 617-492-7100
TWX: 710-3201382

TESTIMONY OF

GLEN SCHNEIDER
SENIOR ASSOCIATE
ABT ASSOCIATES INC.

before the

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

on

THE ALLOCATION OF FUNDS UNDER TITLE II OF THE JOB TRAINING PARTNERSHIP ACT

June 8, 1988

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AN ASSESSMENT OF FUNDING ALLOCATION UNDER THE JOB TRAINING PARTNERSHIP ACT

EXECUTIVE SUMMARY

Objectives and Methodology

Over the past 25 years, intergovernmental grants-in-aid have grown to represent an important major policy tool for the federal government. Such grants have been used to augment the availability of general revenue at the state and local levels and to address specific national priorities. Between 1954 and 1984, grants-in-aid to state and local governments increased from $2.9 billion to $97 billion. While their share of the federal budget has recently declined from 17 percent in 1979 to 11 percent in 1984, the magnitude of the grants-in-aid program alone leaves it as a significant policy tool and source of revenue for states and localities.

In recent years the block grant has become a widely used form of intergovernmental transfer. Block grants are a flexible lump sum transfer typically allocated by formula for use in a wide range of activities within a specified functional area. The Job Training Partnership Act (JTPA), enacted in 1982, is currently one of the larger federal programs funded through such a formula-driven block grant.

In Program Year 1985 (PY85) the U.S. Department of Labor distributed over $2.9 billion to states to fund programs under various titles of JTPA. The vast majority of funds ($1.88 billion) were distributed under Title IIA to support employment and training programs for economically disadvantaged adults and youth. An additional $284 million was made available under Title IIB for the operation of summer youth employment programs. Title III of of JTPA allotted over $220 million in formula funding to states for the provision of training and reemployment services to displaced workers.

Titles IIA and IIB currently use identical allocation formulas for the distribution of funds. This same formula is also used by governors who are responsible for passing the majority of the funds through to local service delivery areas (SDAs) for actual program operations. Title III relies on a separate allocation formula which is intended to reflect its unique focus on dislocated workers. Unlike Titles IIA and IIB, the governor is given complete flexibility in determining if and how these funds will be distributed to the local level.

Since JTPA was implemented, considerable attention has been devoted to the adequacy of these allocation formulas. The vast majority of concern has focused on the Title IIA and IIB formula, since it is responsible for distributing over 90 percent of the JTPA grants to states. In addition, nearly 600 local service delivery areas are directly affected by this formula.

Concerns have been raised by practitioners regarding the ability of the formula to provide stable year-to-year funding. Others have criticized the formula for not adequately targeting funds to central cities where there are sizeable concentrations of labor market problems. Still others have argued that the formula is not equitable because the underlying data do not reflect current economic conditions.

Prompted in part by such concerns, the U.S. Department of Labor commissioned a research study in July 1985 to explore the problems with, and possible alternatives, to the current Title IIA and IIB allocation formula. The objectives of the study, as specified in the Request for Proposals, were to conduct:

- A comparison of the allocated distribution of JTPA funds and the geographic distribution of program eligibles
- A critical survey of data bases and data items available (or potentially available) for use in JTPA allocation formulas at the state and local level
- A comparative analysis of alternative JTPA allocation formulas.

The study was conducted in phases, which consisted of:

- A review of relevant literature and legislation to establish a conceptual foundation for examining the JTPA allocation formula
- Interviews with practitioners, public interest groups, and Congressional staff to identify the full range of issues and concerns that have arisen and solicit opinions on desirable alternatives
- Empirical analyses using a variety of secondary data sources in order to assess the scope and dimension of various problems identified with the allocation formula. Data sources used in this phase were actual Program Year 1984 and 1985 formula factor and allocation data for all states and the nearly 600 SDAs across the country. These data were supplemented with

additional information from the 1980 Census of Population and the 1985 Current Population Survey.

- An evaluation of alternative data sources and formula specifications for purposes of improving the current Title IIA and IIB allocation formula.

Summary of the Allocation Formula

The Job Training Partnership Act specifies that Title IIA and IIB funds are to be distributed to states and SDAs based on the following needs-based factors, relative weights, and definitions:

Factor	Definitions
(A) 33 1/3 percent on the basis of the relative number of unemployed individuals residing in areas of substantial unemployment.	The term "area of substantial unemployment" means any area of sufficient size and scope to sustain a program under Part A of Title II of this Act and which has an average rate of unemployment of at least 6.5 percent for the most recent twelve months as determined by the Secretary.
(B) 33 1/3 percent on the basis of the relative excess number of unemployed individuals.	The term "excess number" means the number which represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the service delivery area or the number which represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in areas of substantial unemployment in such service delivery area.
(C) 33 1/3 percent on the basis of the relative number of economically disadvantaged individuals.	The term "economically disadvantaged" means an individual who has, or is a member of a family which has, received a total family income (exclusive of unemployment compensation, child support payments, and welfare payments) which, in relation to family size, was not in excess of the higher of (i) the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget, or (ii) 70 percent of the lower living standard income level.

In addition, the law mandates that each state receive a specified minimum share (.0025 percent) of total funds and that no state's share can dip below 90 percent of the proportion received in the previous program year.

The actual distribution of Title IIA and IIB funds follows a two-tier process. Under the first tier, the Secretary of Labor awards an allotment to each state based on its relative share of the three formula factors noted above. The governor then "repools" 78 percent of the allot ment into three equal size pools from which SDA allocations are determined on the basis of the same three factors.[1]

This repooling step occurs regardless of the original composition of the state allotment. For example, 50 percent of the state's allotment may have been the result of the state's relative share of the nation's excess unemployed population. However, under the current distribution method, the Governor is required to "repool" the funds in order to insure that only 33 1/3 percent of the funds are distributed to SDAs based on this excess unemployment factor.

Key Research Issues and Findings

In assessing the Title IIA and IIB allocation formula, several key research questions served to focus the analysis. These issues fall into four areas:

- **Distributional equity:** Does the formula promote the equitable allocation of funds as defined or implied by the JTPA legislation? Are funds distributed consistently with the distribution of the eligible population?
- **Funding stability:** Does the formula provide stable, predictable funding on a year-to-year basis?
- **Data quality:** Are the data underlying the formula of sufficient quality to accurately and currently measure the labor market concepts embodied in the allocation formula?
- **Simplicity and intuitive appeal:** Can the formula be readily understood by those who have an interest in the allocations made through it?

Empirical research was conducted in the first three areas noted above, while the fourth issue was assessed qualitatively for the purpose of examining various aspects of the existing formula as well as potential alternatives. A summary of the findings is presented below.

Distributional Equity

The concept of equity is multi-faceted and subject to a variety of interpretations. In light of the JTPA emphasis on serving the economically disadvantaged (ED) population, we adopted a simple definition of equity that suggests that state and local funding under Title II should directly reflect an area's share of this population.

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[1] Under Title IIA the governor retains 22 percent of the state allotment for state programs and administration. Under Title IIB, 100 percent of the funds are distributed to SDAs.

Using this definition, our results demonstrate that the current Title IIA and IIB formula does not distribute JTPA resources in a fully equitable manner. The most influential factor promoting such inequity is the limited overlap between the economically disadvantaged population and the unemployed population which is represented by the excess and ASU unemployment factors. The two populations tend to have quite different geographical distributions as well as little consistency with regard to their socioeconomic characteristics. Specifically, we found that:

- Over one-third (33.6 percent) of the economically disadvantaged (ED) population lived in urban areas, compared to a little over one-quarter (26.8 percent) of the excess unemployed.
- Of the ED population 16 and over, only 6.1 percent were unemployed at the time of the Census. The vast majority (62.7 percent) were out of the labor force.
- Of the unemployed population, less than 20 percent were classified as economically disadvantaged.
- The ED population (16-21) is heavily female (61 percent) and poor (over 60 percent had family incomes lower than 75 percent of the poverty level). In contrast, the unemployed population is predominantly male and nearly three-quarters had family incomes in excess of 125 percent of the poverty level.

The absence of overlap coupled with the weight attached to the unemployment-based factors results in JPTA resources being "pulled" away from areas with the highest concentrations of ED residents in favor of those with high shares of unemployment. In practice, regions such as the Upper Midwest get "overfunded" in relation to their shares of the ED population, while southern regions get "underfunded." Similarly, central cities where the ED are heavily concentrated, receive a significantly smaller share of overall resources than this concept of equity would distribute to them.

The two-tier distribution process was also examined as a potential contributor to funding inequities. Of particular interest was the influence of the repooling step, which requires the governor to alter the composition of the state allotment in order to form equal size pools from which SDA allocations are calculated. Our research addressed two specific questions:

- How often does the repooling process result in the artificial "expanding" and "reducing" of funding pools?
- Does the process of "expanding" and "reducing" appear to affect funding equity by drawing monies away from any particular factor in favor of another?

With respect to the first question, we found that virtually every governor was required to engage in some degree of redistribution in order to establish the three equal size funding pools. Research into the second question revealed that in PY85 the ED factor funding pool was most adversely affected by this process. Specifically, we found that in 60 percent of the states, funds that were brought in as a result of a state's comparative share of the ED population eventually were directed to the other two factor pools in order to comply with the distribution process. By "reducing" the size of this pool to create three distribution pools of equal size, the process produces an adverse impact on equity since it reduces the extent to which areas are funded consistently with their share of the eligible population.

Simulations were conducted using several alternative distribution methods to determine if funding equity could be enhanced. The results suggested that either a direct allocation from the federal level or a two-tier process that eliminates the governor's repooling step would produce more desirable results.

Funding Stability

A commonly voiced issue, particularly from the practitioner community, concerns the current formula's ability to adequately stabilize local funding from year to year. This is a critical issue at the local level since swings in funding (especially cuts) can impair an SDA's ability to establish a permanent, effective service delivery capacity.

A review of actual allocation data demonstrated considerable fluctuations in SDA funding from the first JTPA program year to the second. During a period when national Title IIA funding remained fairly constant, over 40 percent of the SDAs experienced at least a 10 percent absolute change in funding, and over 11 percent of the SDAs experienced an absolute change in excess of 25 percent. The SDAs experiencing the most volatile funding swings tended to be those with the smallest resource base. These changes in the actual funding levels of SDAs imply some level of volatility inherent in the Title IIA and IIB allocation formula.

Since state and SDA shares of the economically disadvantaged are currently set at 1980 Census values, only the excess and ASU unemployment factors have the potential to produce annual variations in funding allocations. Indeed, both factors were shown to contribute to funding changes, with excess unemployment appearing to be the most influential. In both cases the measure's contribution to funding changes appears to be influenced by a factor definition that includes a "threshold" or "cut-off" level. For example, our research with the excess unemployment factor examined the impact on funding stability of raising and lowering the 4.5 percent threshold. Specifically, raising the threshold to 6.5 percent produced considerable volatility, while eliminating the threshold altogether considerably enhanced funding stability. It thus appears that shares of an increasingly diminished base (i.e., number of unemployed above 6.5 percent) are considerably more stable than shares of a broader-based measure (i.e., total number of unemployed).

Our research also noted that local funding stability can be enhanced by extending the reference period used for calculating state and local factor shares. For instance, averaging an SDA's share of unemployment over a two-year period tends to "smooth out" many fluctuations that can occur over a shorter period.

Data Quality

A number of more technical concerns have been raised regarding accuracy and currency of data supporting the allocation formula. The overriding concern is the continued reliance on the Census as the sole source of data on the economically disadvantaged population. The concern of course is that the distribution of the ED population shifts over the course of a decade, resulting in a maldistribution of JTPA resources. Our research has confirmed that this population shifts over periods as short as five years and could generate a sizeable redistribution of JTPA dollars.

In light of this problem we devoted considerable attention to exploring alternative data sources for securing more current estimates of this JTPA-eligible population. The most promising option was the Current Population Survey's Annual Work Experience Supplement, which has several key strengths. First, the CPS is a methodologically rigorous survey that is already in place. Second, the CPS is already used to generate unemployment estimates for the current formula. As a result the survey is a known commodity to the JTPA community. Finally, the CPS sampling frame has recently been redesigned to insure a greater level of accuracy at each site.

Our research indicated that a minimum of two years (and more safely, three years) of ED data should be combined to insure a sufficient level of accuracy at the state level. The combination of March CPS supplements will also serve to enhance funding stability due to an overlap in the sample from year to year, as well as the stabilizing influence of a multi-year average. It should be noted, however, that the use of such updated estimates of the ED population from the CPS Work Experience Supplement still requires the use of Census-based information to ED establish SDA-level estimates.

Improving the Allocation Formula

This study has generated a number of options for improving the Title IIA and IIB allocations formula:

- Increase the emphasis of the formula on the JTPA-eligible population. Currently, the economically disadvantaged factor accounts for only one-third of the total formula weight. In addition to promoting distributional equity, this change would enhance stability, since ED estimates cannot be updated as frequently as unemployment-based data.
- Decrease the emphasis of the formula on the unemployed population. Our research has demonstrated that there is very little overlap between this population and the eligible ED population. The heavy weight on the two unemployment-based factors (combined 66 percent) is thus quite inconsistent with the basic objectives of JTPA.
- Eliminate the repooling step which currently characterizes the two-tier distribution system. In addition to promoting a more equitable distribution, the elimination of this somewhat artificial step would reduce the complexity and enhance the intuitive appeal of the formula.
- Eliminate the use of threshold-based measures. The use of any unemployment-based measure should thus consider a "total unemployment factor" rather than the current excess or ASU factor. The elimination of the ASU factor will also improve the uniform application of the formula.
- Use an extended reference period for calculating state and local factor shares. This can serve to "smooth out" many of the destabilizing fluctuations that can occur over a shorter

time frame.

- Consider the use of the CPS March Work Experience Supplement as a source of state-level estimates of the ED population. The merging of three years of data can provide both improved currency as well as precise estimates of this population. Such improvements in data currency are particularly important if the ED factor is to take on increased emphasis.

Senator SIMON. We thank both of you, and let me also acknowledge the presence of a 4H class from the State of Illinois, and as an ex-4Her myself, we are very, very happy to have you here.

Mr. Schneider, you just mentioned increasing the 33 percent of the economically disadvantaged. Increase it to what?

Mr. SCHNEIDER. Well, the Secretary, in the Title IIB program, the summer youth program, has raised it all the way to a 100 percent. My feeling is anywhere along that spectrum that moves to at least 50 percent is moving in the right direction.

And the reason I feel that is that the eligibility criteria for JTPA is currently based on this same definition of economically disadvantaged, and that in order to provide consistency between who we are serving and how we are distributing money, my feeling is that more movement in the direction of a 100 percent is better than less.

I would be hard-pressed to be pinned down to an exact percentage, but I think the Secretary is certainly moving in the right direction.

Senator SIMON. But for those of us who have to pin it down, as we have to do when we write a law, if you were just—all of a sudden—Senator Glen Schneider.

Mr. SCHNEIDER. Thank you.

Senator SIMON. What would you—you were elected a little easier than I was here—what would you put in?

Mr. SCHNEIDER. At a minimum of 50 percent.

Senator SIMON. In your testimony, one of the things that you say is, "Of the economically disadvantaged population, 16 and over, only 6.1 percent were unemployed at the time of the census. The vast majority, 62.7 percent, were out of the labor force."

Mr. SCHNEIDER. Yes.

Senator SIMON. Now are you including children, or what is the——

Mr. SCHNEIDER. That includes—sir, the way the data are calculated for the Department of Labor for their determination of allocations, that includes ages 16 to 65, and includes people—anyone who fits that income standard.

So, in other words, it does include a number of people who would not be prime targets for being served or being interested in the Job Training Partnership Act, but that is essentially an artifact of the way the data are presented to the Labor Department.

Senator SIMON. You are saying of the economically disadvantaged population, 62.7 percent are just out of the labor force entirely?

Mr. SCHNEIDER. Of the economically disadvantaged population, the point we are trying to make there is that very few of them are, by strict definition, unemployed. That is, available for and looking for work.

And the reason that that point was being made is that, as I tried to indicate, that over two-thirds of the allocation formula is based on data which is rooted in unemployment.

And as you can see by the figure you cited, a very small percentage, only a very small percentage of the eligible population for JTPA falls in that category of being unemployed, by technical definition.

Senator SIMON. And that figure, frankly, did not surprise me. The other figure here, of 62.7 percent just really does surprise me.

Mr. SCHNEIDER. I am sorry? 62.7?

Senator SIMON. You say the vast majority, 62.7 percent of the economically disadvantaged are out of the labor force?

Mr. SCHNEIDER. Yes.

Senator SIMON. And I think the relevant point, in terms of the Job Training Partnership Act, is that I would imagine a significant proportion of those are out of the labor force partly due to child-care problems. A number of them are out of the labor force involuntarily, or either through discouragement. I think my colleagues here from NCEP have some specific data in that regard.

But a number of those people who are out of the labor force entirely may be anxious to get back into the labor force if they could eliminate the child-care problems, for instance, that are keeping them out of the labor force.

Senator SIMON. I have on the next panel some people from Chicago testifying about the problems in Chicago.

As you did your study, did you at any point take a look at one metropolitan area, one urban area, and say what do we do here and what do we change?

Mr. SCHNEIDER. No. As a matter of fact, very consciously, we avoided that. We thought we had the—not being in a totally political arena—we thought we had the luxury of reviewing the formula from more of a conceptual perspective rather than from the perspective of actually who wins and who loses, and no, we did not look at specifically how a particular modification or alternative affected one particular area.

Senator SIMON. Ms. McQuown, you speak in your statement about under-service patterns in the area of adult dropouts and Hispanic males.

Now, in the case of Hispanic males you mentioned possibilities. One possibility that strikes me is that we simply do not have people who speak the language, who are reaching out.

Did you look at that at all?

Ms. MCQUOWN. Yes, that, and geographically. Kay, I think in that report that——

Ms. ALBRIGHT. We did not really look in this study at some of the specific reasons. We did speculate that particularly for Hispanic males it may be because of the concentration in certain States, in certain areas, certain SDAs in particular.

We were not able, in this study, to look at the type of service, the issue that you were talking about, a little bit.

Senator SIMON. On page 6 of your testimony, you say in looking at the data on the eligible population, we were struck by the fact that the numbers of persons eligible for JTPA were increased significantly from comprehensive employment, from CETA. For example, among persons 14 and over, 21 percent of the population are nearly 39, and a half million persons were eligible for Title IIA of JTPA, while only 13.3 percent, or slightly more than 25 million persons would have been eligible using CETA's Title IIB eligibility criterion.

And somewhere else in the statement you mention that we are now reaching 2.3 percent of those who are eligible. This gets back to the question that Senator Quayle raised just a little bit ago.

2.3 percent almost suggests that the universe is too large for eligibility. That if we are really going to do the job that needs to be done, we are going to have to restrict that universe.

Do you have any suggestions? Or number one, do you agree with that assumption, and, number two, if so, how do we restrict that universe?

Ms. McQuown. Well, in this study, you know, we did concentrate on the unemployed, taking into the unemployed and eligible population. We did look at all of the areas, and I think Kay could give you some data on the reason that we did come to this conclusion in studying the unemployed eligibles.

Ms. Albright. Yes, sir. I wanted to just mention, Senator, that indeed——

Senator Simon. Could you pull that microphone a little closer to you there.

Ms. Albright. Certainly. That, indeed, because the base of eligible individuals broadened significantly under JTPA as opposed to CETA, because CETA was, in one sense, more restrictive. You had to either be unemployed or under-employed to be eligible.

Under JTPA, you simply must be economically disadvantaged. So the base did indeed change, as you noticed, and sometimes makes the figures about the number served look a little bit different. You cannot really compare CETA and JTPA.

We have talked a lot about how you might restrict that further, and frankly, we think some of the targeting mechanisms that are currently in the Act are probably good ways to look at that.

We do not have an official commission position, but certainly, emphasis on AFDC recipients, emphasis on dropouts, although we think the dropout issue, as we said, sort of misses the point. That it is really more what Secretary McLaughlin talked about—individuals with basic skills deficiencies, and we would like to see some further emphasis on that, because we do think local programs are very receptive to that kind of targeting approach. That is certainly what our study indicated.

Senator Simon. Any further reflections any one of the three of you would have on that before we print the record on this, we would appreciate getting from you to enter into the record.

You also talk about disappointing rates for adult dropouts. Any conclusions as to why we have those disappointing rates?

Ms. Albright. If I could address that, perhaps, because I think it is one of the most interesting parts of our study, that we showed, we thought, fairly good service to youth dropouts.

Using this participation rate that we developed, we showed that about 28 percent of the eligible youth dropouts were being served by JTPA. So one reason that we think perhaps there has been so much attention, or perhaps lack of attention, rather, on the adult dropout side, is that the Act does indeed focus a lot on youth—40 percent of the funds, obviously—and we think that is probably a good issue.

The dropout issue, indeed, we think probably local programs, and certainly, one of the Congressional intentions may have been to focus attention on youthful dropouts, since for adults, sometimes the lack of a high-school credential is not as critical as work experience may be.

So while we would like to see some improvements in services to adult dropouts, we think that some of the targeting mechanisms in the Act do lead programs to serving more youth dropouts, and we think, frankly, the programs look like they may be doing a fairly adequate job in that area.

Senator SIMON. Finally, I would ask you to—and if I may ask all three of you to do this for the record. I will not ask for an answer right now. If all of a sudden, the Secretary of Labor, who testified here just a few minutes ago, were to say to each of you, you now have JTPA, what specific changes would you recommend? And we will circulate it among my colleagues here when examined by the committee.

Senator SIMON. I do not think the Secretary of Labor is likely to ask each of you that, to take on that responsibility, but we will appreciate it, and we thank you very, very much for your testimony.

Ms. MCQUOWN. Thank you.

Senator SIMON. And our final panel is Dave Whittaker, the executive director of the Chicago Area Project; Jack Wuest, director of the Alternative Schools Network; and Arturo Vazquez who is the director of the Mayor's Office of Employment and Training in the City of Chicago.

Mr. Vazquez, we are moving from the left to the right here for a change, and since you are right over there, we will start with your testimony.

STATEMENTS OF DAVID WHITTAKER, EXECUTIVE DIRECTOR, CHICAGO AREA PROJECT, CHICAGO, IL; JACK WUEST, DIRECTOR, ALTERNATIVE SCHOOLS NETWORK, CHICAGO, IL; AND ARTURO VAZQUEZ, DIRECTOR, MAYOR'S OFFICE OF EMPLOYMENT AND TRAINING, CHICAGO, IL

Mr. VAZQUEZ. Thank you very much, Senator Simon. Let me first take the opportunity to bring you greetings from the elder statesman of the employment and training community, a good friend of yours, Sam Bernstein. He sends you very warm greetings.

Senator SIMON. He is an old friend, and a very, very fine public servant who contributed immensely to our State.

Mr. VAZQUEZ. And thank you for the opportunity to present my views to your committee.

I wanted to focus in on the question of the allocation formula for the Job Training Partnership Act, and follow up with some specific data regarding the impact that the allocation formula has on the City of Chicago, and the inequities it causes in the distribution of the allocation within the State to the various SDAs.

Part of my testimony is being entered into the record under a separate cover called "How Some Service Delivery Areas Get Short-Changed," and that provides the basic data that is—shows the specifics of the impact.

You have heard testimony here—and I will not belabor the point—from Mr. Schneider regarding the major problems related to the allocation formula, and the fact that the formula, being based upon the unemployed figures, which are defined in a certain way, do have a major impact, because under the JTPA formula we are also required to serve the economically disadvantaged.

In Chicago, the case of youth, for example, is a particular concern because youth are an important target group for the program, not only because of the massive summer jobs effort, but also because of the Congressional mandate, that at least 40 percent of the year-around programs under JTPA, of the funds expended, should be spent on serving youth participants.

Unfortunately, unemployment statistics do not measure the job needs of youth very well. Average labor force statistics for 1987 for Chicago record just 23,000 unemployed youth, yet in program year 1986, nearly 13,000 youth were enrolled in the year-around program, and almost 15,000 were enrolled in the summer program.

And I am absolutely certain that the city's employment and training program did not enroll 100 percent of needy youth. In that context, I was a little concerned, somewhat disconcerted by Secretary McLaughlin's statement regarding the reformulation of the youth program, and the fact that we are talking about a pie that is going to be divided up in just a different way, and possibly serving less kids overall, rather than more kids.

We are engaged in a discussion right now in the City of Chicago as to how we can make that school-to-work transition, but we do not want to see another creaming effort take place. I think we are mixing "apples and oranges" here, and I think Jack Wuest can address that a little bit more carefully in terms of his remarks.

But I do think we have got to make a separate between those kids who are in school, who have got certain kinds of needs to be able to make the transition to work, and those kids that we serve, 10s of thousands of which are out of school, some of whom are high-school graduates, but who still do not have the basic skills and the occupational skills to enter into the work force.

The unemployment figure for teenagers in Chicago recorded by the census was between 10,000 and 11,000. This shows the difficulty with the census being applied to the youth population.

In some inner-city neighborhoods, such youth who were not attached to school, or to the labor force accounted for more than one of every 5 teenagers. If this description is chilling, keep in mind that census statistics were collected before the recession in 1982 and 1983 that wiped out a quarter of the city's manufacturing base.

Jobs that pay a liveable wage are at a premium, perhaps now more than ever before. Young persons are among the least competitive for those quality positions. Beyond all these reasons, youth represent only a small proportion of the unemployed.

In Chicago, in 1987, youth represented just 15 percent of those officially counted as unemployed. It is foolishness to award the bulk of the summer youth money on the basis of statistics that reflect mainly adults.

Neither does it make sense to distribute the majority of the JTPA funding based on unemployment numbers that do not reflect concentrations of adult JTPA eligibles.

The distribution of funds, according to the current formula, works to the disadvantage of large cities like Chicago. Chicago gets proportionately less money to serve its eligible population than other, more affluent areas around the rest of the State.

The City of Chicago is the residence of 556,000 JTPA income-eligibles, 50 percent of the persons eligible for JTPA statewide. Yet the city will receive only about 36 percent of State JTPA funds for year-around employment and training efforts for the program year beginning July 1, 1988.

The inconsistency between funding and needs is particularly clear when dollars available to serve each eligible person are compared across JTPA jurisdictions in Illinois.

For the upcoming program year, the City of Chicago will receive $47 to serve each income-eligible person residing in the city.

For the SDAs around the rest of the State, the average allocation for each income-eligible person is more than $85. Even in neighboring DuPage County, a thriving area with one of the highest income levels in the nation, the dollars received per eligible person are significantly larger than in the City of Chicago with the most concentrated poverty population anywhere in the State.

Forty-seven dollars, or even 85, is a paltry sum to bring a disadvantaged person into the mainstream of the labor market, but even more important is the fact that the current allocation formula promotes a system in which the rich get richer and the poor get poorer.

Dollars do not go to the areas that need them the most. There are enough dollars and Chicago does not even get a fair share. I bear no animosity to the rest of the State, Senator Simon, particularly the southern part of the State. I do want to point out that in our documentation of this, that Champagne County is at the very bottom of the list in terms of the allocation of resources, and has a very significant higher proportion of JTPA-eligibles than the rest of the SDAs that are much more highly funded.

The other problem with the JTPA funding formula that I would like to address is its instability. We have heard some talk about the "hold harmless" formula that was built into the—passed by the Congress to try to bring some stability to the funding allocation.

The "hold harmless" provision, however, causes more problems. It essentially guarantees that each SDA would receive at least 90 percent of the average share of State funding for the previous 2 years. While this might seem like an appropriate correction to a problematic situation, it does result in some shifts of dollars.

The funds necessary to restore SDAs with declining unemployment to their "hold harmless" level must come from somewhere. Namely, it comes from other SDAs. The "hold harmless" essentially takes money from where the formula determines it is needed, and redistributes it to where the need is not as great.

In the program year beginning July 1, nearly three-quarters of a million dollars was shifted from Chicago's formula allocation to support programming in neighboring suburbs where unemployment rates declined.

In conclusion, let me restate the problem and suggest a solution. The problem is essentially this: the limited overlap between the unemployed population and the economically disadvantaged population, which was presented here earlier, and the weighting of the funding formula results in the under-funding of areas with high concentrations of economically disadvantaged persons such as the nation's central cities.

To correct the situation, the funding formula should be altered to focus dollars on the people in need. The JTPA formula should emphasize economic hardship rather than labor force status.

Thank you very much.

[The prepared statement of Mr. Vazquez, with an attachment, follows:]

TESTIMONY OF ARTURO VAZQUEZ
ASSISTANT TO THE MAYOR, EMPLOYMENT AND TRAINING
CHICAGO, ILLINOIS

TO THE

SUB-COMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
UNITED STATES SENATE

JUNE 8, 1988

TODAY, I WOULD LIKE TO SHARE WITH YOU SOME REFLECTIONS ON THE ALLOCATION FORMULA FOR THE JOB TRAINING PARTNERSHIP ACT. HOW FUNDING IS DISTRIBUTED AMONG SERVICE DELIVERY AREAS IS A CRITICALLY IMPORTANT ASPECT OF THE PROGRAM. WHILE THE AMOUNT OF MONEY BUDGETED NATIONALLY HAS A LOT TO DO WITH HOW MUCH IS AVAILABLE TO OPERATE JOB TRAINING PROGRAMS LOCALLY, THE ALLOCATIONS PROCESS HAS A STRONG INFLUENCE ON THE LEVEL OF LOCAL RESOURCES. I AM ESPECIALLY CONCERNED WITH HOW THE CURRENT ARRANGEMENT SHORT-CHANGES LARGE CITIES LIKE CHICAGO THAT HAVE HIGH CONCENTRATIONS OF ECONOMICALLY DISADVANTAGED PERSONS WITH LIMITED ACCESS TO JOBS - PERSONS FOR WHOM SERVICES UNDER JTPA WERE DESIGNED.

THERE ARE AT LEAST TWO BASIC PROBLEMS WITH THE JTPA ALLOCATION FORMULA: FIRST, IT IS MIS-TARGETED; SECOND IT IS UNSTABLE. ON ONE HAND, THE INTENT OF THE ACT FOCUSES ON THE STRUCTURALLY UNEMPLOYED - WELFARE RECIPIENTS, HIGH SCHOOL DROPOUTS, UNSKILLED ECONOMICALLY DISADVANTAGED ADULTS. ALL OF THESE GROUPS FACE SERIOUS EMPLOYMENT BARRIERS. ON THE OTHER HAND, THE FUNDING FORMULA IS BASED PRIMARILY ON UNEMPLOYMENT STATISTICS, A DATA SOURCE THAT DOES NOT TAKE INTO ACCOUNT DISCOURAGED WORKERS AND PERSONS WITH TENUOUS LABOR FORCE ATTACHMENT WHO MIGHT NOT MEET THE SPECIFIC DEFINITION OF UNEMPLOYMENT, BUT NONETHELESS WOULD BE RESPONSIVE TO JOB OPPORTUNITIES IF ONLY THEY WERE AVAILABLE. THE STATISTICS, IN SHORT, DO NOT REPRESENT THE CORE OF THE JTPA TARGET GROUP.

THE CASE OF YOUTH IS A PARTICULAR CONCERN. YOUTH ARE AN IMPORTANT TARGET GROUP FOR THE PROGRAM NOT ONLY BECAUSE OF THE MASSIVE SUMMER JOBS EFFORT BUT ALSO BECAUSE OF THE CONGRESSIONAL MANDATE THAT AT LEAST 40% OF YEAR

ROUND PROGRAM FUNDS BE EXPENDED TO SERVE YOUTH PARTICIPANTS. UNFORTUNATELY, UNEMPLOYMENT STATISTICS DON'T MEASURE THE JOB NEEDS OF YOUTH VERY WELL. ANNUAL AVERAGE LABOR FORCE STATISTICS FOR 1987 FOR CHICAGO RECORD JUST 23,000 UNEMPLOYED YOUTH. YET IN PROGRAM YEAR 1986 NEARLY 13,000 YOUTH WERE ENROLLED IN THE YEAR ROUND PROGRAM AND ALMOST 15,000 WERE ENROLLED IN THE SUMMER PROGRAM. I AM ABSOLUTELY CERTAIN THAT THE CITY'S EMPLOYMENT AND TRAINING PROGRAM DIDN'T ENROLL 100% OF NEEDY YOUTH.

FURTHERMORE, EVEN OFFICIAL CENSUS STATISTICS SUGGEST HOW INADEQUATE UNEMPLOYMENT STATISTICS ARE AS A MEASURE OF YOUTH JOB NEEDS. THE 1980 UNEMPLOYMENT FIGURE FOR TEENAGERS IN CHICAGO RECORDED BY THE CENSUS WAS BETWEEN 10,000 AND 11,000. BUT A CLOSER REVIEW OF CENSUS STATISTICS SHOWED THAT THE NUMBER OF TEENAGERS COUNTED AS OUT OF SCHOOL, NOT WORKING, AND NOT ACTIVELY SEEKING WORK WAS NEARLY THREE TIMES AS LARGE. IN SOME INNER CITY NEIGHBORHOODS, SUCH YOUTH WHO WERE NOT ATTACHED TO SCHOOL OR TO THE LABOR FORCE ACCOUNTED FOR MORE THAN ONE OF EVERY FIVE TEENAGERS. IF THIS DESCRIPTION IS CHILLING, KEEP IN MIND THAT CENSUS STATISTICS WERE COLLECTED BEFORE THE RECESSION IN 1982 AND 1983 THAT WIPED OUT A QUARTER OF THE CITY'S MANUFACTURING BASE. JOBS THAT PAY A LIVEABLE WAGE ARE AT A PREMIUM, PERHAPS NOW MORE THAN EVER BEFORE. YOUNG PERSONS ARE AMONG THE LEAST COMPETITIVE FOR THOSE QUALITY POSITIONS.

BEYOND ALL THESE REASONS, YOUTH REPRESENT ONLY A SMALL PROPORTION OF THE UNEMPLOYED. IN CHICAGO IN 1987 YOUTH REPRESENTED JUST 15% OF THOSE OFFICIALLY COUNTED AS UNEMPLOYED. IT IS FOOLISHNESS TO AWARD THE BULK OF SUMMER YOUTH MONEY ON THE BASIS OF STATISTICS THAT REFLECT MAINLY ADULTS. NEITHER DOES IT MAKE SENSE TO DISTRIBUTE THE MAJORITY OF

YEAR ROUND JTPA FUNDING BASED ON UNEMPLOYMENT NUMBERS THAT DO NOT REFLECT CONCENTRATIONS OF ADULT JTPA ELIGIBLES.

THE DISTRIBUTION OF FUNDS ACCORDING TO THE CURRENT FORMULA WORKS TO THE DISADVANTAGE OF LARGE CITIES LIKE CHICAGO. THE CITY IN FACT GETS PROPORTIONALLY LESS MONEY TO SERVE ITS ELIGIBLE POPULATION THAN OTHER MORE AFFLUENT AREAS AROUND THE REST OF THE STATE. THE CITY OF CHICAGO IS THE RESIDENCE OF 556,000 JTPA INCOME-ELIGIBLES; 50% OF THE PERSONS ELIGIBLE FOR JTPA STATEWIDE. YET THE CITY WILL ONLY RECEIVE ABOUT 36% OF STATE JTPA FUNDS FOR YEAR ROUND EMPLOYMENT AND TRAINING EFFORTS FOR THE PROGRAM YEAR BEGINNING JULY 1, 1988.

THE INCONSISTENCY BETWEEN FUNDING AND NEEDS IS PARTICULARLY CLEAR WHEN DOLLARS AVAILABLE TO SERVE EACH ELIGIBLE PERSON ARE COMPARED ACROSS JTPA JURISDICTIONS IN ILLINOIS. FOR THE UPCOMING PROGRAM YEAR THE CITY OF CHICAGO WILL RECEIVE $47.00 TO SERVE EACH INCOME ELIGIBLE PERSON RESIDING IN THE CITY. FOR THE SDAS AROUND THE REST OF THE STATE THE AVERAGE ALLOCATION FOR EACH INCOME ELIGIBLE PERSON IN MORE THAN $85.00. EVEN IN NEIGHBORING DUPAGE COUNTY, A THRIVING AREA WITH ONE OF THE HIGHEST INCOME LEVELS IN THE NATION, THE DOLLARS RECEIVED PER ELIGIBLE PERSON ARE SIGNIFICANTLY LARGER THAN IN THE CITY OF CHICAGO WITH THE MOST CONCENTRATED POVERTY POPULATION ANYWHERE IN THE STATE.

FORTY SEVEN DOLLARS OR EVEN $85.00 IS A PALTRY SUM TO BRING A DISADVANTAGED PERSON INTO THE MAINSTREAM OF THE LABOR MARKET. BUT EVEN MORE IMPORTANT IS THE FACT THAT THE CURRENT ALLOCATION FORMULA PROMOTES A

SYSTEM IN WHICH THE RICH GET RICHER AND THE POOR GET POORER. DOLLARS DON'T GO TO THE AREAS THAT NEED THEM THE MOST. THERE ARE NOT ENOUGH DOLLARS AND CHICAGO DOESN'T EVEN GET A FAIR SHARE.

THE OTHER PROBLEM WITH THE JTPA FUNDING FORMULA THAT I WOULD LIKE TO ADDRESS IS ITS INSTABILITY. IT IS IMPORTANT FOR LOCAL PROGRAMS TO HAVE SOME STABILITY IN FUNDING LEVELS FROM YEAR TO YEAR. STABLE FUNDING FACILITATES PLANNING EFFORTS AND HELPS TO ENSURE THE CONTINUITY OF PROGRAMS. ONCE AGAIN IN THIS SITUATION THE UNEMPLOYMENT MEASURES THAT ARE THE FOCUS OF THE FUNDING FORMULA ARE THE SOURCE OF A PROBLEM. THE CURRENT UNEMPLOYMENT FACTORS ARE "THRESHOLD MEASURES". IN ORDER TO RECEIVE AN ALLOCATION FOR THE "AREA OF SUBSTANTIAL UNEMPLOYMENT" FACTOR, THE LOCAL RATE OF UNEMPLOYMENT MUST EXCEED 6.5% OF THE LABOR FORCE. SIMILARLY, IN ORDER TO RECEIVE AN ALLOCATION FOR THE "EXCESS UNEMPLOYMENT" FACTOR, THE LOCAL RATE OF UNEMPLOYMENT MUST EXCEED 4.5% OF THE LABOR FORCE. THUS 1/3 OF LOCAL FUNDING DEPENDS ON AN UNEMPLOYMENT RATE OF AT LEAST 6.5%; 1/3 DEPENDS ON AN UNEMPLOYMENT RATE OF AT LEAST 4.5%. GIVEN THIS ARRANGEMENT, IT IS EASY TO UNDERSTAND HOW FUNDING COULD SHIFT DRAMATICALLY WITH THE BUSINESS CYCLE AND WREAK HAVOC ON LOCAL PROGRAM OPERATIONS. IN ORDER TO CORRECT THIS SITUATION, CONGRESS ENACTED A HOLD HARMLESS PROVISION, ESSENTIALLY A GUARANTEE THAT EACH SDA WOULD RECEIVE AT LEAST 90% OF THE AVERAGE OF ITS SHARE OF STATE FUNDING FOR THE PREVIOUS TWO YEARS. WHILE THIS MIGHT SEEM LIKE AN APPROPRIATE CORRECTION TO A PROBLEMATIC SITUATION, IT DOES RESULT IN SOME CURIOUS SHIFTS OF DOLLARS. THE FUNDS NECESSARY TO RESTORE SDAS WITH DECLINING UNEMPLOYMENT TO THEIR HOLD HARMLESS LEVEL MUST COME FROM SOMEWHERE, NAMELY, FROM OTHER

SDAS. THE HOLD HARMLESS ESSENTIALLY TAKES MONEY FROM WHERE THE FORMULA DETERMINES IT IS NEEDED AND RE-DISTRIBUTES IT TO WHERE THE NEED IS NOT AS GREAT. IN THE PROGRAM YEAR BEGINNING JULY 1, NEARLY 3/4 OF A MILLION DOLLARS WAS SHIFTED FROM CHICAGO'S FORMULA ALLOCATION TO SUPPORT PROGRAMMING IN NEIGHBORING SUBURBS WHERE UNEMPLOYMENT RATES DECLINED. THE CITY IS VERY SENSITIVE TO THOSE KINDS OF EXPORTS TO THE SUBURBS.

IN CONCLUSION, LET ME RE-STATE THE PROBLEM AND SUGGEST A SOLUTION. THE PROBLEM IS ESSENTIALLY THIS: THE LIMITED OVERLAP BETWEEN THE UNEMPLOYED POPULATION AND THE ECONOMICALLY DISADVANTAGED POPULATION AND THE WEIGHTING OF THE FUNDING FORMULA RESULTS IN THE UNDERFUNDING OF AREAS WITH HIGH CONCENTRATIONS OF ECONOMICALLY DISADVANTAGED PERSONS SUCH AS THE NATION'S CENTRAL CITIES. TO CORRECT THIS SITUATION, THE FUNDING FORMULA SHOULD BE ALTERED TO FOCUS DOLLARS ON THE PEOPLE IN NEED. THE JTPA FORMULA SHOULD EMPHASIZE ECONOMIC HARDSHIP RATHER THAN LABOR FORCE STATUS.

THIS IS A PRIORITY ISSUE. IF WE HAVE MORE RESOURCES, WE CAN DO MORE. FOR CITIES LIKE CHICAGO, THERE IS A MULTI MILLION DOLLAR SUM OF MONEY AT STAKE EACH AND EVERY YEAR. WE NEED TO INTRODUCE SOME LOGIC AS WELL AS SOME EQUITY INTO THE FUNDING FORMULA.

JTPA FUNDING AND LOCAL NEEDS IN ILLINOIS

HOW SOME SERVICE DELIVERY AREAS GET SHORT-CHANGED

SUMMARY

THE CURRENT JTPA ALLOCATION FORMULA IS MIS-TARGETED. SOME STATES AND LOCAL JURISDICTIONS RECEIVE FUNDING IN EXCESS OF THEIR SHARE OF THE TARGET GROUP JTPA WAS INTENDED TO SERVE; OTHER STATES AND AREAS GET SHORTCHANGED. THIS REPORT HIGHLIGHTS THE MONETARY CONSEQUENCES OF THE MIS-MATCH BETWEEN RESOURCES AND NEEDS.

A REVIEW OF THE DISTRIBUTION OF ILLINOIS JTPA FUNDS AND THE ELIGIBLE POPULATION AMONG SERVICE DELIVERY AREAS SHOWED A WIDE DIVERGENCE BETWEEN THE RELATIVE SHARES OF RESOURCES AND LOCAL NEEDS. THIS DIVERGENCE WAS QUANTIFIED IN AN EQUITY INDEX WHICH SHOWED THAT IN TITLE II-A IN PROGRAM YEAR 1988 A NUMBER OF SDAS RECEIVED A SHARE OF FUNDING MORE THAN 1.5 TIMES THEIR SHARE OF ELIGIBLE POPULATION. ON THE OTHER HAND, THE CITY OF CHICAGO, NORTHWEST MUNICIPAL CONFERENCE, AND CHAMPAIGN CONSORTIUM RECEIVED A SHARE OF FUNDING SUBSTANTIALLY LOWER THAN THEIR SHARE OF THE ELIGIBLE POPULATION. IN TITLE II-B THE DIVERGENCE BETWEEN ILLINOIS SDAS WAS EVEN WIDER. THE MOST GENEROUSLY FUNDED SDAS RECEIVED AN ALLOCATION APPROXIMATELY TWICE AS LARGE AS THEIR SHARE OF ELIGIBLES. AT THE OPPOSITE END OF THE DISTRIBUTION, ONE SDA RECEIVED A SUMMER YOUTH ALLOCATION ONLY 37% AS LARGE AS ITS SHARE OF ELIGIBLES.

DOLLAR AMOUNTS WERE ATTACHED TO THE EQUITY INDEX VALUES IN ORDER TO HIGHLIGHT INEQUITIES BETWEEN THE SHARE OF DOLLARS AND THE SHARE OF ELIGIBLES. THOSE DOLLAR AMOUNTS SHOWED THE DIFFERENCE BETWEEN WHAT EACH

ILLINOIS SDA RECEIVED IN PROGRAM YEAR 1988 AND WHAT IT WOULD HAVE RECEIVED IF THE NATIONAL TO STATE ALLOCATION REMAINED THE SAME AND THE SUB-STATE ALLOCATION WAS BASED SOLELY ON THE CONCENTRATION OF ECONOMICALLY DISADVANTAGED PERSONS. THIS EXAMINATION DEMONSTRATED THAT CHICAGO WAS THE LARGEST NET LOSER DUE TO THE MISMATCH BETWEEN THE JTPA ALLOCATION FORMULA AND LOCAL NEEDS. IN PROGRAM YEAR 1988 THE CITY OF CHICAGO RECEIVED $14.5 MILLION LESS THAN IT WOULD HAVE RECEIVED IF THE ALLOCATION FORMULA CONSIDERED THE CONCENTRATION OF INCOME ELIGIBLES AS THE SOLE FUNDING FACTOR.

INEQUITIES WERE ALSO ILLUSTRATED BY A RANKING OF ILLINOIS SDAS BY DOLLARS RECEIVED PER INCOME ELIGIBLE PERSON. IN TITLE II-A, SEVEN SDAS RECEIVED MORE THAN $100.00 PER ELIGIBLE PERSON IN THEIR JURISDICTION. AT THE OTHER END OF THE DISTRIBUTION, THE CITY OF CHICAGO AND CHAMPAIGN CONSORTIUM RECEIVED LESS THAN $50.00 PER ELIGIBLE PERSON. SIMILARLY IN TITLE II-B, THE MOST GENEROUSLY FUNDED SDAS RECEIVED OVER $400.00 PER INCOME ELIGIBLE YOUTH, A FIGURE THREE TIMES MORE THAN THE CITY OF CHICAGO AND MORE THAN SIX TIMES AS MUCH AS CHAMPAIGN CONSORTIUM.

IT IS IMPERATIVE TO INTRODUCE A GREATER MEASURE OF EQUITY INTO THE JTPA FUNDING FORMULA.

HOW FUNDING IS DISTRIBUTED AMONG SERVICE DELIVERY AREAS IS A CRITICALLY IMPORTANT ASPECT OF THE JOB TRAINING PARTNERSHIP ACT. WHILE THE AMOUNT OF MONEY BUDGETED NATIONALLY HAS A LOT TO DO WITH HOW MUCH IS AVAILABLE TO OPERATE JOB TRAINING PROGRAMS LOCALLY, THE ALLOCATIONS PROCESS HAS A STRONG INFLUENCE ON THE LEVEL OF LOCAL RESOURCES. THE CURRENT ALLOCATION FORMULA SHORT-CHANGES LARGE CITIES LIKE CHICAGO THAT HAVE HIGH CONCENTRATIONS OF ECONOMICALLY DISADVANTAGED PERSONS WITH LIMITED ACCESS TO JOBS - PERSONS FOR WHOM SERVICES UNDER JTPA WERE DESIGNED.

THE PROBLEM IS ESSENTIALLY THIS: THE LIMITED OVERLAP BETWEEN THE UNEMPLOYED POPULATION AND THE ECONOMICALLY DISADVANTAGED POPULATION AND THE WEIGHTING OF THE FUNDING FORMULA RESULTS IN THE UNDERFUNDING OF AREAS WITH HIGH CONCENTRATIONS OF ECONOMICALLY DISADVANTAGED PERSONS SUCH AS THE NATION'S CENTRAL CITIES. TO CORRECT THIS SITUATION, THE FUNDING FORMULA SHOULD BE ALTERED TO FOCUS DOLLARS ON THE PEOPLE IN NEED. THE JTPA FORMULA SHOULD EMPHASIZE ECONOMIC HARDSHIP RATHER THAN LABOR FORCE STATUS.

THE JTPA ALLOCATION FORMULA IS MIS-TARGETED. ON ONE HAND, THE INTENT OF THE ACT FOCUSES ON THE STRUCTURALLY UNEMPLOYED - WELFARE RECIPIENTS, HIGH SCHOOL DROPOUTS, UNSKILLED ECONOMICALLY DISADVANTAGED ADULTS. ALL OF THESE GROUPS FACE SERIOUS EMPLOYMENT BARRIERS. ON THE OTHER HAND, THE FUNDING FORMULA IS BASED PRIMARILY ON UNEMPLOYMENT STATISTICS, A DATA SOURCE THAT DOES NOT TAKE INTO ACCOUNT DISCOURAGED WORKERS AND PERSONS WITH TENUOUS LABOR FORCE ATTACHMENT WHO MIGHT NOT MEET THE SPECIFIC DEFINITION OF UNEMPLOYMENT, BUT NONETHELESS WOULD BE RESPONSIVE TO JOB

OPPORTUNITIES IF ONLY THEY WERE AVAILABLE. THE STATISTICS, IN SHORT, DO NOT REPRESENT THE CORE OF THE JTPA TARGET GROUP.

THE CASE OF YOUTH IS A PARTICULAR CONCERN. YOUTH ARE AN IMPORTANT TARGET GROUP FOR THE PROGRAM NOT ONLY BECAUSE OF THE MASSIVE SUMMER JOBS EFFORT BUT ALSO BECAUSE OF THE CONGRESSIONAL MANDATE THAT AT LEAST 40% OF YEAR ROUND PROGRAM FUNDS BE EXPENDED TO SERVE YOUTH PARTICIPANTS. UNFORTUNATELY, UNEMPLOYMENT STATISTICS DON'T MEASURE THE JOB NEEDS OF YOUTH VERY WELL. ANNUAL AVERAGE LABOR FORCE STATISTICS FOR 1987 FOR CHICAGO RECORD JUST 23,000 UNEMPLOYED YOUTH. YET IN PROGRAM YEAR 1986 NEARLY 13,000 YOUTH WERE ENROLLED IN THE YEAR ROUND PROGRAM AND ALMOST 15,000 WERE ENROLLED IN THE SUMMER PROGRAM. IT IS ABSOLUTELY CERTAIN THAT CHICAGO'S EMPLOYMENT AND TRAINING PROGRAM DIDN'T ENROLL 100% OF NEEDY YOUTH.

FURTHERMORE, EVEN OFFICIAL CENSUS STATISTICS SUGGEST HOW INADEQUATE UNEMPLOYMENT STATISTICS ARE AS A MEASURE OF YOUTH JOB NEEDS. THE 1980 UNEMPLOYMENT FIGURE FOR TEENAGERS IN CHICAGO RECORDED BY THE CENSUS WAS BETWEEN 10,000 AND 11,000. BUT A CLOSER REVIEW OF CENSUS STATISTICS SHOWED THAT THE NUMBER OF TEENAGERS COUNTED AS OUT OF SCHOOL, NOT WORKING, AND NOT ACTIVELY SEEKING WORK WAS NEARLY THREE TIMES AS LARGE. IN SOME INNER CITY NEIGHBORHOODS, SUCH YOUTH WHO WERE NOT ATTACHED TO SCHOOL OR TO THE LABOR FORCE ACCOUNTED FOR MORE THAN ONE OF EVERY FIVE TEENAGERS.

BEYOND THESE REASONS, YOUTH REPRESENT ONLY A SMALL PROPORTION OF THE UNEMPLOYED. IN CHICAGO IN 1987 YOUTH REPRESENTED JUST 15% OF THOSE OFFICIALLY COUNTED AS UNEMPLOYED. IT IS FOOLISHNESS TO AWARD THE BULK OF SUMMER YOUTH MONEY ON THE BASIS OF STATISTICS THAT REFLECT MAINLY ADULTS. NEITHER DOES IT MAKE SENSE TO DISTRIBUTE THE MAJORITY OF YEAR ROUND JTPA FUNDING BASED ON UMEMPLOYMENT NUMBERS THAT DO NOT REFLECT CONCENTRATIONS OF ADULT JTPA ELIGIBLES.

THERE IS A BASIC INCONSISTENCY BETWEEN THE ALLOCATION FORMULA AND THE NEED FOR FUNDING AS MEASURED BY THE DISTRIBUTION OF JTPA ELIGIBLE PERSONS. THE CURRENT FORMULA CHANNELS INSUFFICIENT DOLLARS TO CERTAIN STATES AND SDA JURISDICTIONS WITH CONCENTRATIONS OF ELIGIBLE PERSONS AND DISPROPORTIONATELY AWARDS OTHER STATES AND LOCAL AREAS WITH FUNDING IN EXCESS OF THEIR SHARE OF PROGRAM ELIGIBLES.

THE FOLLOWING REPORT WILL HIGHLIGHT THE INEQUITIES AND BRIEFLY EXAMINE THE MONETARY CONSEQUENCES OF THE FEDERAL FORMULA AT THE SUB-STATE LEVEL IN ILLINOIS. THE REPORT CONSIDER THREE QUESTIONS:

- WHICH ILLINOIS SDAS GET SHORT-CHANGED?
- BY HOW MUCH?
- WHAT DOES THE SHORT FALL MEAN IN TERMS OF DOLLARS AVAILABLE TO SERVE EACH ELIGIBLE PERSON RESIDING IN THE SDA?

1

INFORMATION FOR THIS REPORT WAS BASED ON ESTIMATES OF THE ECONOMICALLY DISADVANTAGED (INCOME ELIGIBLE) POPULATION RESIDING IN ILLINOIS SDAS DEVELOPED BY THE ILLINOIS BUREAU OF THE BUDGET AND NORTHERN ILLINOIS UNIVERSITY FOR THE ILLINOIS DEPARTMENT OF COMMERCE AND COMMUNITY AFFAIRS (DCCA). PROGRAM YEAR 1988 ALLOCATION FIGURES FOR JTPA TITLES II-A AND II-B WERE ALSO RECEIVED FROM DCCA.

TABLE 1 ATTACHED LISTS ELIGIBLE POPULATION FIGURES AND ALLOCATION AMOUNTS FOR THE 26 ILLINOIS SERVICE DELIVERY AREAS. ALTOGETHER OVER 1.1 MILLION PERSONS IN ILLINOIS ARE INCOME ELIGIBLE FOR JTPA. IN TITLE II-A, THE YEAR ROUND EMPLOYMENT AND TRAINING PROGRAM FOR YOUTH AND ADULTS, THE STATE RECEIVED MORE THAN $73.5 MILLION TO SERVICE THIS TARGET GROUP THROUGH THE EFFORTS OF LOCAL SDAS. IN TITLE II-B, THE SUMMER YOUTH COMPONENT OF JTPA, THE INCOME ELIGIBLE POPULATION STATEWIDE TOTALED NEARLY 200,000. ILLINOIS RECEIVED APPROXIMATELY $37.1 MILLION TO PROVIDE SERVICES TO THOSE PERSONS. THE CITY OF CHICAGO AS THE LARGEST SDA IN THE STATE ACCOUNTED FOR THE LARGEST SEGMENT OF THE STATE'S ELIGIBLE POPULATION AND ALSO RECEIVED THE SINGLE LARGEST FUNDING ALLOCATION. BOTH THE ELIGIBLE POPULATION AND FUNDING ALLOCATIONS WERE CONSIDERABLY SMALLER IN ALL OF THE 25 OTHER SERVICE DELIVERY AREAS AROUND THE REST OF THE STATE.

TABLES 2A AND 2B SHOW THAT EVEN THOUGH CHICAGO RECEIVED THE LARGEST SHARE OF DOLLARS AMONG ILLINOIS SDAS, THAT DOLLAR SHARE WAS SUBSTANTIALLY LESS THAN THE CITY'S SHARE OF ELIGIBLE POPULATION IN BOTH TITLE II-A AND II-B. TABLE 2A SHOWS THAT IN TITLE II-A THE CITY RECEIVED APPROXIMATELY

35.6% OF ALLOCATED FUNDS, BUT THE CITY WAS THE RESIDENCE OF 50% OF ILLINOIS JTPA ELIGIBLES. SIMILARLY, TABLE 2B SHOWS THAT IN TITLE II-B CHICAGO RECEIVED 39.1% OF ALLOCATED FUNDS, BUT CONTAINED 49.5% OF ILLINOIS YOUTH ELIGIBLE TO PARTICIPATE IN THE PROGRAM.

A REVIEW OF TABLES 2A AND 2B DEMONSTRATES THAT A NUMBER OF OTHER SDAS ALSO RECEIVED AN ALLOCATION SHARE PROPORTIONATELY SMALLER THAN THEIR SHARE OF ELIGIBLES. ON THE OTHER HAND, THERE WERE A SUBSTANTIAL NUMBER OF SDAS IN ILLINOIS FOR WHICH PROGRAM YEAR 1988 ALLOCATIONS WERE PROPORTIONATELY LARGER THAN THEIR SHARE OF ECONOMICALLY DISADVANTAGED PERSONS. THE CURRENT FUNDING FORMULA DICTATES A DEFINITE SET OF WINNERS AND LOSERS. SOME SDAS GET MORE THAN THEIR FAIR SHARE OF DOLLARS GIVEN THE SIZE OF THEIR ELIGIBLE POPULATION; OTHER SDAS GET LESS.

ONE WAY TO QUANTIFY THE RELATIONSHIP BETWEEN THE SHARE OF DOLLARS AND THE SHARE OF ELIGIBLES FOR EACH SDA IS THROUGH AN "EQUITY INDEX". THIS INDEX IS COMPOSED OF THE RATIO OF THE SDA SHARE OF THE ILLINOIS ALLOCATION TOTAL TO THEIR RESPECTIVE SHARE OF THE ILLINOIS ELIGIBLE POPULATION TOTAL. IT CAN BE COMPUTED AS FOLLOWS:

$$\frac{\dfrac{\text{SDA ALLOCATION}}{\text{ILLINOIS TOTAL ALLOCATION}}}{\dfrac{\text{SDA INCOME ELIGIBLE}}{\text{ILLINOIS TOTAL ELIGIBLES}}} = \text{EQUITY INDEX}$$

SDAS WITH A SHARE OF FUNDING IN EXCESS OF THEIR SHARE OF THE ELIGIBLE POPULATION WOULD REGISTER AN INDEX VALUE GREATER THAN 1.0. THOSE SDAS WITH A SHARE OF FUNDS LESS THAN THEIR SHARE OF ELIGIBLES WOULD REGISTER AN INDEX VALUE LESS THAN 1.0.

TABLES 3A AND 3B PRESENT A LIST OF ILLINOIS SDAS RANKED ACCORDING TO THIS EQUITY INDEX. TABLE 3A PRESENTS THE INDEX FOR TITLE II-A; TABLE 3B PROVIDES THE INDEX FOR TITLE II-B.

AT THE TOP OF THE LIST IN TITLE II-A WERE LASALLE COUNTY (OTTAWA), SOUTH COOK COUNTY, ROCK ISLAND COUNTY, MACON/DEWITT COUNTIES (DECATUR), BOONE/WINNEBAGO COUNTIES (ROCKFORD), WILL COUNTY (JOLIET), AND DANVILLE AREA SDAS. EACH OF THESE JTPA JURISDICTIONS RECEIVED AN AMOUNT OF TITLE II-A FUNDING MORE THAN 1.5 TIMES ITS SHARE OF THE ILLINOIS ELIGIBLE POPULATION. THERE WERE JUST THREE SDAS THAT RECEIVED A SHARE OF FUNDING LESS THAN THEIR SHARE OF ILLINOIS TITLE II-A ELIGIBLES. THEY WERE NORTHWEST MUNICIPAL CONFERENCE (COOK COUNTY), CITY OF CHICAGO, AND CHAMPAIGN CONSORTIUM; WHICH RANKED LAST AS THE ILLINOIS SDA THAT RECEIVED THE LEAST AMOUNT OF FUNDING GIVEN ITS SHARE OF THE ELIGIBLE POPULATION.

IN TITLE II-B THE DIVERGENCE BETWEEN THE TOP AND BOTTOM OF THE LIST WERE EVEN WIDER. LASALLE COUNTY (OTTAWA) AND DANVILLE AREA SDAS RECEIVED A SHARE OF SUMMER YOUTH FUNDS APPROXIMATELY TWICE AS LARGE AS THEIR SHARE OF THE ELIGIBLE POPULATION. AT THE OTHER END OF THE DISTRIBUTION, THERE WERE EIGHT SDAS THAT RECEIVED A SHARE OF ILLINOIS SUMMER YOUTH MONEY LESS THAN THEIR SHARE OF ECONOMICALLY DISADVANTAGED YOUTH. AS IN TITLE II-A, NORTHWEST MUNICIPAL CONFERENCE, CITY OF CHICAGO, AND CHAMPAIGN CONSORTIUM RANKED NEAR THE BOTTOM OF THE LIST, WITH CHAMPAIGN ONCE AGAIN RANKED LAST. THE CASE FOR THIS SDA WAS PARTICULARLY WORRISOME. THE CHAMPAIGN CONSORTIUM RECEIVED A SHARE OF SUMMER YOUTH FUNDING ONLY ABOUT 37% AS LARGE AS ITS SHARE OF ILLINOIS SUMMER YOUTH ELIGIBLES.

TABLES 4A AND 4B ATTACH WHOLE DOLLAR AMOUNTS TO THE DISCREPANCIES BETWEEN THE SHARE OF THE ALLOCATION RECEIVED AND THE SHARE OF THE ILLINOIS ELIGIBLE POPULATION. THE FIGURES REPORTED IN THE TABLES REPRESENT AN SDAS GAIN OR LOSS IN PROGRAM YEAR 1988 FORMULA ALLOCATED DOLLARS FROM A HYPOTHETICAL DISTRIBUTION FORMULA IN WHICH ALLOCATIONS WERE MADE SOLELY ON THE BASIS OF THE SDA SHARE OF THE STATE TOTAL JTPA ELIGIBLE POPULATION. THE DOLLAR AMOUNTS ARE ESSENTIALLY THE DIFFERENCE BETWEEN WHAT AN SDA RECEIVED IN PROGRAM YEAR 1988 AND WHAT IT WOULD HAVE RECEIVED IF THE NATIONAL TO STATE ALLOCATION REMAINED THE SAME AND THE SUB-STATE ALLOCATION WAS BASED ONLY ON THE CONCENTRATION OF ECONOMICALLY DISADVANTAGED PERSONS.

TABLE 4A SHOWS THE FIGURES FOR TITLE II-A. IT IS CLEAR THAT THE MIS-TARGETING OF JTPA RESOURCES PRODUCED SOME "BIG WINNERS" AND "BIG LOSERS". THE BIGGEST WINNER WAS SOUTH COOK COUNTY WITH A GAIN OF $2.9 MILLION. THE BIGGEST LOSER WAS THE CITY OF CHICAGO WITH A CATASTROPHIC LOSS OF NEARLY $10.7 MILLION. ALTOGETHER IN TITLE II-A, 21 SDAS GAINED DOLLARS BECAUSE OF THE MIS-MATCH BETWEEN JTPA RESOURCE ALLOCATION AND LOCAL NEEDS; THE FIVE REMAINING SDAS LOST DOLLARS BECAUSE OF THE MIS-MATCH. CHICAGO WAS THE ONLY SDA IN ILLINOIS TO LOSE MORE THAN $500,000, AND THE CITY LOST MORE THAN 21 TIMES THAT AMOUNT.

TABLE 4B DEMONSTRATES THAT A SIMILAR SITUATION PREVAILED IN THE SUMMER YOUTH PROGRAM. ALTOGETHER 18 SDAS IN ILLINOIS BENEFITED FROM THE MIS-MATCH BETWEEN RESOURCES ALLOCATED UNDER THE FEDERAL FORMULA AND THEIR NEED FOR DOLLARS AS REPRESENTED BY THEIR SHARE OF THE ELIGIBLE POPULATION. SOUTH COOK COUNTY RECEIVED THE GREATEST BENEFIT AT OVER $1.7 MILLION. EIGHT ILLINOIS SDAS LOST DOLLARS BECAUSE OF THE RESOURCE-NEEDS MIS-MATCH. CHICAGO LOST THE MOST, OVER $3.8 MILLION.

TABLE 5A AND 5B PRESENT ANOTHER GRAPHIC DEMONSTRATION OF THE MIS-TARGETING IN THE FEDERAL FORMULA AT THE SUB-STATE LEVEL IN ILLINOIS. TABLE 5A LISTS PROGRAM YEAR 1988 DOLLARS RECEIVED IN TITLE II-A FOR EACH INCOME ELIGIBLE PERSON RESIDING IN THE SDA JURISDICTION; TABLE 5B LISTS THE COMPARABLE FIGURES FOR TITLE II-B.

IN TITLE II-A THERE WERE SEVEN SDAS THAT RECEIVED $100 OR MORE FOR EACH INCOME ELIGIBLE PERSON IN THEIR JURISDICTION. AT THE OTHER END OF THE DISTRIBUTION THERE WERE JUST TWO SDAS THAT RECEIVED LESS THAN $50 PER INCOME ELIGIBLE PERSON. THESE WERE THE CITY OF CHICAGO AND CHAMPAIGN CONSORTIUM.

THERE WERE GENERALLY MORE DOLLARS AVAILABLE PER ELIGIBLE PERSON IN TITLE II-B. NONETHELESS, THE WIDE DIVERGENCE BETWEEN SDAS THAT WERE MORE GENEROUSLY FUNDED AND THOSE WITH PROPORTIONATELY LESSER AMOUNTS WAS AGAIN IN EVIDENCE. AT THE TOP OF THE LIST LASALLE COUNTY (OTTAWA) RECEIVED ALMOST $442 PER ELIGIBLE PERSON, THREE TIMES AS MUCH AS THE CITY OF CHICAGO RECEIVED AND MORE THAN SIX TIMES AS MUCH AS THE CHAMPAIGN CONSORTIUM RECEIVED.

IT IS CLEAR THAT MULTI MILLION DOLLAR SUMS ARE AT STAKE EACH AND EVERY PROGRAM YEAR. IT IS IMPERATIVE TO INTRODUCE A GREATER MEASURE OF EQUITY INTO THE JPTA FUNDING FORMULA.

KEY TO VARIABLE NAMES

The following tables present a number of variables for which the explanations below may be helpful.

ELIGIBLE:	Economically disadvantaged population, income eligible to participate in JTPA Title II-A programs.
YOUTHPOP:	Economically disadvantaged youth population, income eligible to participate in JTPA Title II-B programs.
II-APY'88	Funding allocation for Title II-A in program year 1988.
II-BPY'88	Funding allocation for Title II-B in program year 1988.
FNDSSHRA:	The SDA share of Illinois funding in Title II-A.
FNDSSHRB:	The SDA share of Illinois funding in Title II-B.
ELIGSHR:	The SDA share of Illinois income eligibles for Title II-A.
YOUTHSHR:	The SDA share of Illinois income eligibles for Title II-B.
INDEXA:	An index of equitable funding composed of the ratio of the SDA share of Illinois Title II-A funds to the respective share of Title II-A program eligibles. SDAs with a share of funding in excess of their share of the eligible population register an index value greater than 1.0; those SDAs with a share of funding less than their share of eligible population register an index value less than 1.0.
INDEXB:	An index of equitable funding for Title II-B.
WINLOSEA:	A figure representing an SDAs gain or loss in program year 1988 formula allocated dollars in Title II-A from a hypothetical distribution in which dollars were allocated solely on the basis of an SDAs share of the state total JPTA eligible population. Essentially, this variable is the difference between what an SDA received in program year 1988 in Title II-A and what it would have received if the sub-state allocation was based only on the concentration of economically disadvantaged persons.
WINLOSEB:	Gain or loss of Title II-B dollars according to the hypothetical distribution described above.
FNDSPERA:	The amount of funding received in program year 1988 under the current allocation formula per eligible person residing in the SDA for Title II-A.
FNDSPERB:	The amount of funding received in program year 1988 under the current allocation formula per eligible person residing in the SDA for Title II-B.

TABLE 1: JTPA ALLOCATION AND ELIGIBLE POPULATION FOR ILLINOIS SDA'S UNDER TITLES IIA AND IIB PROGRAM YEAR 1988

SDA	NAME	ELIGIBLE	IIAPY88	YOUTHPOP	IIBPY88
1	LAKE COUNTY	20745	$1,325,291	3886	$651,896
2	MCHENRY COUNTY	6281	$614,320	882	$214,755
3	BOONE/WINNEBAGO CTY (ROCKFORD)	19246	$2,119,862	3052	$1,042,736
4	WHITESIDE COUNTY (STERLING)	13664	$1,211,229	1940	$562,149
5	KANE/DEKALB/KENDALL COUNTIES	23235	$1,725,868	6064	$828,523
6	DUPAGE COUNTY	20018	$1,527,500	3519	$506,367
7	SOUTH COOK COUNTY	67417	$7,374,691	10225	$3,627,523
8	NORTHWEST MUNICIPAL CONFERENCE	28234	$1,604.369	4449	$627,599
9	CITY OF CHICAGO	556541	$26,161,002	98654	$14,514,589
10	WILL COUNTY (JOLIET)	17420	$1,782,042	3413	$876,566
11	KANKAKEE/GRUNDY/LIVINGSTON CTY	13183	$1,142,582	2398	$562,023
12	LASALLE COUNTY (OTTAWA)	12052	$1,394,671	1427	$630,338
13	ROCK ISLAND COUNTY	16963	$1,907,784	2810	$882,239
14	WESTERN ILLINOIS (GALESBURG)	24971	$1,953.649	4001	$960,978
15	MARSHALL COUNTY (PEORIA)	17422	$1,465,601	3429	$730,957
16	TAZEWELL COUNTY (PEKIN)	22268	$1,749,272	5835	$860.447
17	CHAMPAIGN CONSORTIUM	22681	$1,040,239	7500	$511,682
18	DANVILLE AREA	8796	$910,065	1307	$477.651
19	MACON/DEWITT CTY (DECATUR)	11715	$1,212,671	1802	$596,499
20	LAND OF LINCOLN (SPRINGFIELD)	20636	$1,343,287	3142	$660,747
21	W. CENT. ILL VALLEY (CARLINVILLE)	18089	$1,397.321	2218	$667.800
22	MADISON/BOND CTY (EDWARDSVILLE)	22087	$2,040,823	4263	$1,003,857
23	SOUTH CENTRAL (MATTOON)	31153	$2,889,454	5313	$1,421,290
24	ST CLAIR COUNTY (BELLEVILLE)	43442	$3,150.473	8302	$1,549,682
25	GREATER EGYPT	28134	$2,307,089	6232	$1,134,831
26	SHAWNEE CONSORTIUM (HARRISBURG)	24511	$2,160,431	3298	$1,062,691

TABLE 2A: SHARE OF STATE JTPA TITLE IIA ALLOCATION AND SHARE OF ELIGIBLE POPULATION FOR ILLINOIS SDA'S
PROGRAM YEAR 1988

SDA	NAME	FNDSSHRA	ELIGSHR
1	LAKE COUNTY	0.018028	0.018674
2	MCHENRY COUNTY	0.008357	0.005654
3	BOONE/WINNEBAGO CTY (ROCKFORD)	0.028837	0.017325
4	WHITESIDE COUNTY (STERLING)	0.016477	0.012300
5	KANE/DEKALB/KENDALL COUNTIES	0.023477	0.020915
6	DUPAGE COUNTY	0.020779	0.018020
7	SOUTH COOK COUNTY	0.100320	0.060687
8	NORTHWEST MUNICIPAL CONFERENCE	0.021825	0.025415
9	CITY OF CHICAGO	0.355876	0.500980
10	WILL COUNTY (JOLIET)	0.024242	0.015681
11	KANKAKEE/GRUNDY/LIVINGSTON CTY	0.015543	0.011867
12	LASALLE COUNTY (OTTAWA)	0.018972	0.010849
13	ROCK ISLAND COUNTY	0.025952	0.015270
14	WESTERN ILLINOIS (GALESBURG)	0.026576	0.022478
15	MARSHALL COUNTY (PEORIA)	0.019937	0.015683
16	TAZEWELL COUNTY (PEKIN)	0.023796	0.020045
17	CHAMPAIGN CONSORTIUM	0.014151	0.020417
18	DANVILLE AREA	0.012380	0.007918
19	MACON/DEWITT CTY (DECATUR)	0.016496	0.010545
20	LAND OF LINCOLN (SPRINGFIELD)	0.018273	0.018576
21	W. CENT. ILL VALLEY (CARLINVILLE)	0.019008	0.016283
22	MADISON/BOND CTY (EDWARDSVILLE)	0.027762	0.019882
23	SOUTH CENTRAL (MATTOON)	0.039306	0.028043
24	ST CLAIR COUNTY (BELLEVILLE)	0.042857	0.039105
25	GREATER EGYPT	0.031384	0.025325
26	SHAWNEE CONSORTIUM (HARRISBURG)	0.029389	0.022064

TABLE 2B: SHARE OF STATE JTPA TITLE IIB ALLOCATION AND SHARE OF ELIGIBLE POPULATION FOR ILLINOIS SDA'S CALENDAR YEAR 1988

SDA	NAME	FNDSSHRB	YOUTHSHR
1	LAKE COUNTY	0.017554	0.019492
2	MCHENRY COUNTY	0.005783	0.004424
3	BOONE/WINNEBAGO CTY (ROCKFORD)	0.028079	0.015309
4	WHITESIDE COUNTY (STERLING)	0.015137	0.009731
5	KANE/DEKALB/KENDALL COUNTIES	0.022310	0.030417
6	DUPAGE COUNTY	0.013635	0.017651
7	SOUTH COOK COUNTY	0.097681	0.051289
8	NORTHWEST MUNICIPAL CONFERENCE	0.016900	0.022316
9	CITY OF CHICAGO	0.390845	0.494851
10	WILL COUNTY (JOLIET)	0.023604	0.017120
11	KANKAKEE/GRUNDY/LIVINGSTON CTY	0.015134	0.012028
12	LASALLE COUNTY (OTTAWA)	0.016974	0.007158
13	ROCK ISLAND COUNTY	0.023757	0.014095
14	WESTERN ILLINOIS (GALESBURG)	0.025877	0.020069
15	MARSHALL COUNTY (PEORIA)	0.019683	0.017200
16	TAZEWELL COUNTY (PEKIN)	0.023170	0.029269
17	CHAMPAIGN CONSORTIUM	0.013778	0.037620
18	DANVILLE AREA	0.012862	0.006556
19	MACON/DEWITT CTY (DECATUR)	0.016062	0.009039
20	LAND OF LINCOLN (SPRINGFIELD)	0.017792	0.015760
21	W. CENT. ILL VALLEY (CARLINVILLE)	0.017982	0.011126
22	MADISON/BOND CTY (EDWARDSVILLE)	0.027032	0.021383
23	SOUTH CENTRAL (MATTOON)	0.038272	0.026650
24	ST CLAIR COUNTY (BELLEVILLE)	0.041729	0.041643
25	GREATER EGYPT	0.030558	0.031260
26	SHAWNEE CONSORTIUM (HARRISBURG)	0.028616	0.016543

TABLE 3A: EQUITY INDEX FOR ILLINOIS SDA'S
TITLE IIA INCOME ELIGIBLES AND ALLOCATIONS

SDA	NAME	INDEXA
12	LASALLE COUNTY (OTTAWA)	1.74877
13	ROCK ISLAND COUNTY	1.69960
3	BOONE/WINNEBAGO CTY (ROCKFORD)	1.66452
7	SOUTH COOK COUNTY	1.65308
19	MACON/DEWITT CTY (DECATUR)	1.56431
18	DANVILLE AREA	1.56354
10	WILL COUNTY (JOLIET)	1.54593
2	MCHENRY COUNTY	1.47804
23	SOUTH CENTRAL (MATTOON)	1.40164
22	MADISON/BOND CTY (EDWARDSVILLE)	1.39633
4	WHITESIDE COUNTY (STERLING)	1.33958
26	SHAWNEE CONSORTIUM (HARRISBURG)	1.33199
11	KANKAKEE/GRUNDY/LIVINGSTON CTY	1.30977
15	MARSHALL COUNTY (PEORIA)	1.27127
25	GREATER EGYPT	1.23923
16	TAZEWELL COUNTY (PEKIN)	1.18713
14	WESTERN ILLINOIS (GALESBURG)	1.18231
21	W. CENT. ILL VALLEY (CARLINVILLE)	1.16735
6	DUPAGE COUNTY	1.15314
5	KANE/DEKALB/KENDALL COUNTIES	1.12250
24	ST CLAIR COUNTY (BELLEVILLE)	1.09594
20	LAND OF LINCOLN (SPRINGFIELD)	0.98370
1	LAKE COUNTY	0.96543
8	NORTHWEST MUNICIPAL CONFERENCE	0.85872
9	CITY OF CHICAGO	0.71036
17	CHAMPAIGN CONSORTIUM	0.69309

TABLE 3B: EQUITY INDEX FOR ILLINOIS SDA'S
TITLE IIB INCOME ELIGIBLES AND ALLOCATIONS

SDA	NAME	INDEXB
12	LASALLE COUNTY (OTTAWA)	2.37132
18	DANVILLE AREA	1.96189
7	SOUTH COOK COUNTY	1.90453
3	BOONE/WINNEBAGO CTY (ROCKFORD)	1.83413
19	MACON/DEWITT CTY (DECATUR)	1.77703
26	SHAWNEE CONSORTIUM (HARRISBURG)	1.72980
13	ROCK ISLAND COUNTY	1.68547
21	W. CENT. ILL VALLEY (CARLINVILLE)	1.61631
4	WHITESIDE COUNTY (STERLING)	1.55557
23	SOUTH CENTRAL (MATTOON)	1.43609
10	WILL COUNTY (JOLIET)	1.37876
2	MCHENRY COUNTY	1.30712
14	WESTERN ILLINOIS (GALESBURG)	1.28939
22	MADISON/BOND CTY (EDWARDSVILLE)	1.26414
11	KANKAKEE/GRUNDY/LIVINGSTON CTY	1.25819
15	MARSHALL COUNTY (PEORIA)	1.14437
20	LAND OF LINCOLN (SPRINGFIELD)	1.12894
24	ST CLAIR COUNTY (BELLEVILLE)	1.00207
25	GREATER EGYPT	0.97756
1	LAKE COUNTY	0.90057
16	TAZEWELL COUNTY (PEKIN)	0.79163
9	CITY OF CHICAGO	0.78982
6	DUPAGE COUNTY	0.77248
8	NORTHWEST MUNICIPAL CONFERENCE	0.75729
5	KANE/DEKALB/KENDALL COUNTIES	0.73348
17	CHAMPAIGN CONSORTIUM	0.36625

TABLE 4A: JTPA TITLE IIA FUNDS GAINED/LOST TO ILLINOIS SDA'S
DUE TO MIS-TARGETING IN THE CURRENT FUNDING FORMULA
IN PROGRAM YEAR 1988

SDA	NAME	WINLOSEA
7	SOUTH COOK COUNTY	$2,913.522
3	BOONE/WINNEBAGO CTY (ROCKFORD)	$846,301
23	SOUTH CENTRAL (MATTOON)	$827.974
13	ROCK ISLAND COUNTY	$785.295
10	WILL COUNTY (JOLIET)	$629.312
12	LASALLE COUNTY (OTTAWA)	$597.157
22	MADISON/BOND CTY (EDWARDSVILLE)	$579.265
26	SHAWNEE CONSORTIUM (HARRISBURG)	$538.470
25	GREATER EGYPT	$445.385
19	MACON/DEWITT CTY (DECATUR)	$437.457
18	DANVILLE AREA	$328,009
15	MARSHALL COUNTY (PEORIA)	$312.739
4	WHITESIDE COUNTY (STERLING)	$307.044
14	WESTERN ILLINOIS (GALESBURG)	$301,249
24	ST CLAIR COUNTY (BELLEVILLE)	$275.796
16	TAZEWELL COUNTY (PEKIN)	$275.737
11	KANKAKEE/GRUNDY/LIVINGSTON CTY	$270,226
6	DUPAGE COUNTY	$202.854
21	W. CENT. ILL VALLEY (CARLINVILLE)	$200,322
2	MCHENRY COUNTY	$198,689
5	KANE/DEKALB/KENDALL COUNTIES	$188.344
20	LAND OF LINCOLN (SPRINGFIELD)	$-22.254
1	LAKE COUNTY	$-47.463
8	NORTHWEST MUNICIPAL CONFERENCE	$-263.953
17	CHAMPAIGN CONSORTIUM	$-460,625
9	CITY OF CHICAGO	$-10,666,853

TABLE 4B: JTPA TITLE IIB FUNDS GAINED/LOST TO ILLINOIS SDA'S DUE TO MIS-TARGETING IN THE CURRENT FUNDING FORMULA IN CALENDAR YEAR 1988

SDA	NAME	WINLOSEB
7	SOUTH COOK COUNTY	$1,722,838
3	BOONE/WINNEBAGO CTY (ROCKFORD)	$474,218
26	SHAWNEE CONSORTIUM (HARRISBURG)	$448,349
23	SOUTH CENTRAL (MATTOON)	$431,599
12	LASALLE COUNTY (OTTAWA)	$364,520
13	ROCK ISLAND COUNTY	$358,800
19	MACON/DEWITT CTY (DECATUR)	$260,827
21	W. CENT. ILL VALLEY (CARLINVILLE)	$254,637
10	WILL COUNTY (JOLIET)	$240,802
18	DANVILLE AREA	$234,187
14	WESTERN ILLINOIS (GALESBURG)	$215,683
22	MADISON/BOND CTY (EDWARDSVILLE)	$209,757
4	WHITESIDE COUNTY (STERLING)	$200,771
11	KANKAKEE/GRUNDY/LIVINGSTON CTY	$115,330
15	MARSHALL COUNTY (PEORIA)	$92,212
20	LAND OF LINCOLN (SPRINGFIELD)	$75,464
2	MCHENRY COUNTY	$50,458
24	ST CLAIR COUNTY (BELLEVILLE)	$3,208
25	GREATER EGYPT	$-26,049
1	LAKE COUNTY	$-71,977
6	DUPAGE COUNTY	$-149,143
8	NORTHWEST MUNICIPAL CONFERENCE	$-201,148
16	TAZEWELL COUNTY (PEKIN)	$-226,481
5	KANE/DEKALB/KENDALL COUNTIES	$-301,062
17	CHAMPAIGN CONSORTIUM	$-885,397
9	CITY OF CHICAGO	$-3,862,405

TABLE 5A: DOLLARS ALLOCATED PER INCOME ELIGIBLE PERSON
ILLINOIS SDA'S JTPA TITLE IIA PROGRAM YEAR 1988

SDA	NAME	FNDSPERA
12	LASALLE COUNTY (OTTAWA)	$115.80
13	ROCK ISLAND COUNTY	$112.40
3	BOONE/WINNEBAGO CTY (ROCKFORD)	$110.20
7	SOUTH COOK COUNTY	$109.40
19	MACON/DEWITT CTY (DECATUR)	$103.60
18	DANVILLE AREA	$103.40
10	WILL COUNTY (JOLIET)	$102.20
2	MCHENRY COUNTY	$97.80
23	SOUTH CENTRAL (MATTOON)	$92.80
22	MADISON/BOND CTY (EDWARDSVILLE)	$92.40
4	WHITESIDE COUNTY (STERLING)	$88.60
26	SHAWNEE CONSORTIUM (HARRISBURG)	$88.20
11	KANKAKEE/GRUNDY/LIVINGSTON CTY	$86.60
15	MARSHALL COUNTY (PEORIA)	$84.20
25	GREATER EGYPT	$82.00
16	TAZEWELL COUNTY (PEKIN)	$78.60
14	WESTERN ILLINOIS (GALESBURG)	$78.20
21	W. CENT. ILL VALLEY (CARLINVILLE)	$77.20
6	DUPAGE COUNTY	$76.40
5	KANE/DEKALB/KENDALL COUNTIES	$74.20
24	ST CLAIR COUNTY (BELLEVILLE)	$72.60
20	LAND OF LINCOLN (SPRINGFIELD)	$65.00
1	LAKE COUNTY	$63.80
8	NORTHWEST MUNICIPAL CONFERENCE	$56.80
9	CITY OF CHICAGO	$47.00
17	CHAMPAIGN CONSORTIUM	$45.80

TABLE 5B: DOLLARS ALLOCATED PER INCOME ELIGIBLE PERSON
ILLINOIS SDA'S JTPA TITLE IIB CALENDAR YEAR 1988

SDA	NAME	FNDSPERB
12	LASALLE COUNTY (OTTAWA)	$441.80
18	DANVILLE AREA	$365.40
7	SOUTH COOK COUNTY	$354.80
3	BOONE/WINNEBAGO CTY (ROCKFORD)	$341.60
19	MACON/DEWITT CTY (DECATUR)	$331.00
26	SHAWNEE CONSORTIUM (HARRISBURG)	$322.20
13	ROCK ISLAND COUNTY	$314.00
21	W. CENT. ILL VALLEY (CARLINVILLE)	$301.00
4	WHITESIDE COUNTY (STERLING)	$289.80
23	SOUTH CENTRAL (MATTOON)	$267.60
10	WILL COUNTY (JOLIET)	$256.80
2	MCHENRY COUNTY	$243.40
14	WESTERN ILLINOIS (GALESBURG)	$240.20
22	MADISON/BOND CTY (EDWARDSVILLE)	$235.40
11	KANKAKEE/GRUNDY/LIVINGSTON CTY	$234.40
15	MARSHALL COUNTY (PEORIA)	$213.20
20	LAND OF LINCOLN (SPRINGFIELD)	$210.20
24	ST CLAIR COUNTY (BELLEVILLE)	$186.60
25	GREATER EGYPT	$182.00
1	LAKE COUNTY	$167.80
16	TAZEWELL COUNTY (PEKIN)	$147.40
9	CITY OF CHICAGO	$147.20
6	DUPAGE COUNTY	$143.80
8	NORTHWEST MUNICIPAL CONFERENCE	$141.00
5	KANE/DEKALB/KENDALL COUNTIES	$136.60
17	CHAMPAIGN CONSORTIUM	$68.20

Senator SIMON. Thank you very much, Mr. Vazquez. Mr. Jack Wuest, we are very pleased to have you here.

Mr. WUEST. Thank you for the opportunity. I have worked in the inner-city areas for about 20 years. My office is in uptown. You are familiar with uptown in Chicago. What I have seen over the 13 years we have had our offices there are more and more young people who just hang out on the streets, and it is a desperate situation.

In Chicago, 900,000 adults do not have a high-school diploma, and 600,000 adults—and this means over 18 years old—cannot read above a 6th grade level. About 14,000 kids drop out of the schools every year.

The type of programs that we have struggled with under JTPA is essentially trying to make a silk purse out of a sow's ear, real honestly. JTPA is very limited. I think other people have testified before you, at this group, and earlier, and given some of the limitations under JTPA.

The funding formula does not target the people that need it most. The type of programs you can develop, that are most effective by research, in our experience, are basic skills programs that will help adults and youth finish their high-school diploma. If they can do that, you can pretty much statistically point, that they will add three to 400, even $500 more per month in their income for the rest of their lives.

Programs that are geared towards helping people finish their high-school diploma, increasing their skills—they need to be education-based, comprehensive with offering employment services as well as support services.

Have we been supported by JTPA to do that? To some extent we have, but I think the SDAs, and the State, that we have dealt with, have gone against the grain somewhat.

I am encouraged to hear the Secretary of Labor here talk about that they want to move more in the direction of basic skills. Their specific recommendations I think are flawed, to the extent of wanting to make a summer program a year-around program.

There are too many young people in the inner-city who do not have jobs. It is better to keep a summer program, as a jobs program, tied into somewhat the basic skills. Public and private ventures I think have shown some really good research that inner-city kids need to keep basic skills at a level during the summer, and not to fall behind.

It is better that DOL keep the summer program geared at employment tied to basic skills, and then focus, in terms of increasing funding for basic skills, programming in the summer, as well as year-around, for youth and for adults.

I think there are recommendations for the formula at a 100 percent for economically disadvantaged. In my written testimony we recommend that. We think that is really critical. It puts the money where it needs to be put. Again, to get a good outcome from an expenditure of a public dollar, what we have seen in Project Chance, an employment welfare program in Illinois, people are dropping out of the jobs they have from those programs on short-term training after 9 or 10 months.

A public dollar that goes to those kind of programs, as well as the short-term training programs encouraged under JTPA, is basically a wasted dollar. I mean, it is basically just a wasted dollar. I cannot say it any less charitably.

Programs that work towards helping people get their basic skills and getting long-term employment does two things, obviously. It cuts the dependency payments, and we save money that way as taxpayers, and it also makes them pay—they will be paying payroll taxes, and also they are going to be contributing to the public dollar.

What recommendations I have in terms of this subcommittee are four. One is that I have to commend you in terms of your courage, in terms of pushing a full-employment policy, and for pushing jobs programs.

Our experience under the CETA program—10 years ago, just to give you a contrast—10 years ago under CETA, we had people who were making 3.80 and 3.90 an hour. Now, in today's dollars, that is almost the equivalent of $8 an hour.

We did not attempt to place those people too vigorously, the way we would today. We just did not have that capacity.

And yet, when those programs ended, and those people left those jobs, they had good medical benefits, and they had adequate salary, and they were taking pride in being able to produce something for their own neighborhoods because they work in their own neighborhoods.

50 percent of those people found jobs, because I think—and their hearts and their spirits were raised by having jobs and being contributing citizens.

So the first recommendation is that there have to be jobs with adequate salaries—I mean for youth and for adults. We cannot just have a youth employment program in the summer and year-around, and not think about having programs like that for adults.

One of the destructive things we have seen sometimes in the summer youth employment program is not that it is not good for the kids, but these kids may be the only ones bringing income into the family, and it is better that the adults and the kids have that sort of capacity.

Secondly, the formula should be a 100 percent in terms of economically disadvantaged. It puts the money to the people with the low skills and people with the lowest incomes, and that is where you will get the best return on the public dollar.

The research I think done by Bob Taggart, Andy Summ, and other people, have shown that consistently.

The third recommendation is—I am sure you remember the Vice President's Task Force in the late 1970s. Well, a lot of us participated, and we had come up and worked very hard on a piece of legislation, the Youth Opportunities Act.

That legislation was specifically designated just to youth. Unfortunately it died when Jimmy Carter lost the election. There were efforts to even make a specifically targeted piece of legislation for programs just to youth under JTPA, and that was abandoned under a threat of veto, I understand, by the President.

What I am recommending is that there ought to be a specific program. We should be sitting here thinking now. I am thinking optimistically, there will be a Democratic Adminstration in 6-7 months, and we ought to have something worth thinking about now, and that it gets implemented, starting in February, March and April.

Given a parallel situation in January, and February and March of 1976, when Jimmy Carter first came in, his people began thinking about, and made amendments to the CETA legislation which we will call the Youth Employment Demonstration Act, and it created, among other things, a wide range of programs that were very successful, simply linking kids who were low skill, low income, to educational skills and jobs.

We ought to be thinking about some specific way to amend JTPA, or come up with some legislation that would do that, with a new Democratic Administration, and I hope it comes in.

And the last recommendation is that funding is really critical. We need to have more funding for the summer employment program. We need to have more funding for a year-around program.

I will close by saying this: I have done this long enough to know—and we have done all sorts of different kinds of lobbying at the State level, and we have fought bad cuts at the State level. Title XX, social services, and that.

And I think a lot of people here may still have a lot of those multi-colored books on it Bob Taggart helped turn out in the late 1970s.

It is very clear we know what to do, and I think there is enough technical knowledge in here on how to target the money to kids. What I really see is a question, with your leadership, and other people's leadership, the clear political leadership to really do the right thing, to really provide these kids with an opportunity.

Because as far as I can see, if we do not, we have a choice in this country. I have spoken at panels, you know, 10-12 years. Unfortunately, 12 years ago when I spoke at one panel I said we have a choice, that either we are going to provide these kids with an opportunity or we are going to see our prison population triple, and unfortunately, that was an accurate projection.

We have not done much, we have not done enough, and the prison population in Illinois, and I think around the country, has practically tripled.

We need to come up with a political will to really do and take the hard positions, and take the hard leadership, and maybe redistribute money out of suburban areas, out of downstate areas of whatever—but to get the money into the areas where it will have the greatest impact and the greatest return for the public dollar, and to help kids that I know, who want to learn, want to read, want to write, and want to get a job.

Thank you very much.

[The prepared statement of Mr. Wuest follows:]

JACK WUEST'S TESTIMONY

TO THE SUBCOMMITTEE

ON EMPLOYMENT AND PRODUCTIVITY

June 7, 1988

I have worked in the inner-city for over twenty years. What I am going to say comes from my experience and work over that time.

Research and our experience in the Alternative Schools Network shows that the most effective use of employment and training funds is to support programs that help people with the lowest incomes and the lowest academic and job preparedness skills to complete their high school education or GED. This is the most effective use of these funds because it gives the best return per tax dollar spent in terms of dependency payments by participants reduced or eliminated and taxes paid by participants who go back to work on a full time, regular basis.

By finishing their GED or high school diploma participants are very good bets to increase their lifetime earnings by $400 to $500 per month.

To do this programs must be able to work with persons from 1 to 3 years and the costs will be from $3,000 to $9,000 or more. In short, programs must be longer, and will appear to cost more than the current JTPA programs. I say appear, because JTPA, with DOL's emphasis on low cost, quick job placements, has cost all of us very much. How? Because the people going through the training do not stay in jobs over the long term. Their training is short term and their gains are short term.

As with everything else in the Reagan Administration - what you see and are told is not what you get. What we see are high numbers of quick job placements at a very lost cost but a year or two later the folks going through these programs are unemployed or so underemployed that they are still in poverty, still costing us all enormous sums of money for dependency payments and lost tax revenues from low or no wages.

So if these sort of programs don't really work in the long rum, what does? Programs that offer comprehensive educational and employment services - centers that train and educate high school dropouts and adults with education programs offering literacy, adult basic education, high school completion (with three options -- GED, competency-based diploma, or time-based diploma) job and career preparation, as well as on-the-job experience, specific job skill training and job placement.

Talk to the students in these centers and they will tell you that if they stay in their center, get an education, and some job skills, they know they will get a job. The students can come in for a few hours a week for tutoring if they read below the fifth grade level, or they can enroll in regular classes to earn a high school diploma. The students know that if they stay in the program and do well, they will earn a high school diploma and get a job, and they will tell you that this is one of the main reasons why they stay in the program.

These are the three levels of programming offered at these centers:

1. Education Programs

   -literacy programs from 0 to 5th grade reading levels to move on to

   -5th and 6th grade through high school to earn a high school diploma to move to

   -college (two and four year) programs.

These programs would aim to have people learn the academic and life skills as well as the social skills of regular and on-time attendance, following instructions, and critical and analytic thinking so they are more easily trained to the employer's system.

2. Employment Preparation and Training Programs. Employment preparation can begin at 5th and 6th grade. Usually more specific job skill training can begin when someone reads at the 9th or 10th grade level.

3. Job Development. Part-time job development could happen throughout the program, beginning when people read at the 6th or 7th grade level (paticularly for 16 to 21 years olds). Full-time jobs would be the reward after job skill training and/or high school diploma. All throughout, jobs are used as key incentives and rewards for students who do well. Each student is being prepared for employment; each student is gaining more confidence and moving towards full-time employment, first from just regular program attendance and good program achievement, to employment at the education center, to employment in the local neighborhood, to employment outside the neighborhood. There are different geographic locations of entry level jobs; there will also be varying levels of job skills required in these different locations.

The aim here is twofold--(1) to build participants' confidence and job experience resumes as well as to get them earning some income, and (2) to successfully link up more and more employes with participants so the employers look to these programs and real jobs await people who stick with the program.

Underpinning all of these levels of programs are strong support services th help folks over crises and to build group and individual support among participants.

These comprehensive learning/earning centers are the way to successfully reach the people who are most in need of employment and training.

How does the current JTPA legislation help to do this?

Not well at all.

First: There must be a comprehensive jobs program paying an adequate wage for every person who wants to work. JTPA does not do this at all.

Second: The JTPA funding formula does not get the program to the people who need this the most.

The JTPA funds should be distributed entirely with a formula based 100% on disadvantaged and schooling factors - particularly #'s of dropouts, #'s of non-completers of high school-adults and youth, #'s based on low skill levels. There must be some way to correctly target the funding to reach the people who most need it and where the funding will get the most gain and results.

We don't ask people to be 2/3rds unemployed and 1/3 disadvantaged - they must be 100% disadvantaged. So the formula must be overwhemlingly based on the disadvantaged weights.

We understand the potential problems with changing the flow of money but if we want the funds to be spent in the most effective way we should do this.

Third: A separate comprehensive Federal program should be developed for low skilled, disadvantaged youth (ages 14 to 21) who are in or out of school. The model for this is the Youth Opportunities Act of 1980 that died with Jimmey Carter's defeat. The programs to be developed under this would be comprehensive and able to offer education, employment and support services.

The JTPA legislation could be amended bv the new administration in the same way that the Carter administration amended CETA and created Youth Employment Demonstration Act.

Fourth: All of these programs need more funding to reach many more people who are eligible. The summer youth employment program funding level has gone down from $866,000,000 in 1981 to $750,000,000 in '88. We have lost real dollars and obviously have had no growth for inflation. The need for more funding is very, very urgent for summer and year round programs. Attached is a fact sheet and chart outlining the cuts in Chicago's employment and training programs.

COALITION FOR NEIGHBORHOOD EMPLOYMENT
1105 West Lawrence - Room 210 - Chicago, Illinois 60640

FACTS ABOUT THE REAGAN AND THOMPSON CUTS IN CHICAGO EMPLOYMENT AND TRAINING PROGRAMS

THE NEED

- Black youth unemployment is 61% in Chicago.
- Total youth unemployment is 36% in Chicago.

YEAR ROUND PROGRAMS - REAGAN CUT CHICAGO $123,000,000 SINCE 1981

- Since 1981 Reagan has cut $123,000,000 from Chicago's year round employment and training programs--from $151,000,000 in 1981 to $28,000,000 in 1988.

SUMMER YOUTH JOBS PROGRAM - REAGAN CUT CHICAGO $14,000,000 SINCE 1981

- Since 1981 Reagan has cut $14,000,000 from Chicago's Summer Jobs Program--from $28,000,000 in 1981 to $14,000,000 in 1988.
- Last year alone Reagan cut Illinois $15 million and Chicago lost $10 million in summer youth jobs money.
- The Federal money was cut by $130 million.
- This year the Federal money was fully restored.
- But Illinois was restored only $3 million from the $15 million cut.
- And Chicago was restored only $166,000 from the $10,000,000 cut.

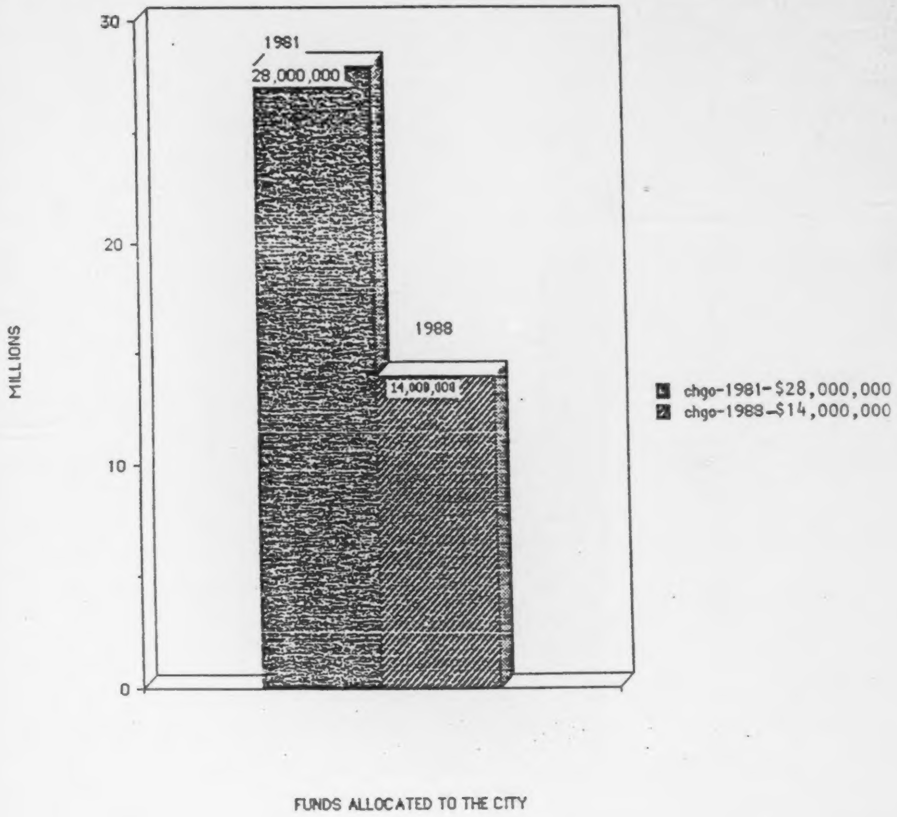
THOMPSON FUNDING FORMULA REDISTRIBUTED MONEY AWAY FROM PEOPLE AND COMMUNITIES MOST IN NEED

- Illinois was restored only $3,000,000 from the previous year's $15 million cut.
- The funding formula is based primarily on adult unemployment.
- Chicago has 40% of the adult unemployment in Illinois.
- So Chicago should have received at least 40% of this $3,000,000.
- HOWEVER, UNDER THE THOMPSON FUNDING FORMULA, CHICAGO RECEIVED ONLY 5.5%, OR $166,000, OF THIS $3,000,000.
- Why???
- Because the state only counts adults in the unemployment insurance system--which excludes tens of thousands of unemployed people in Chicago who have been unemployed so long that they do not receive unemployment insurance payments, therefore not showing up in the statistics.

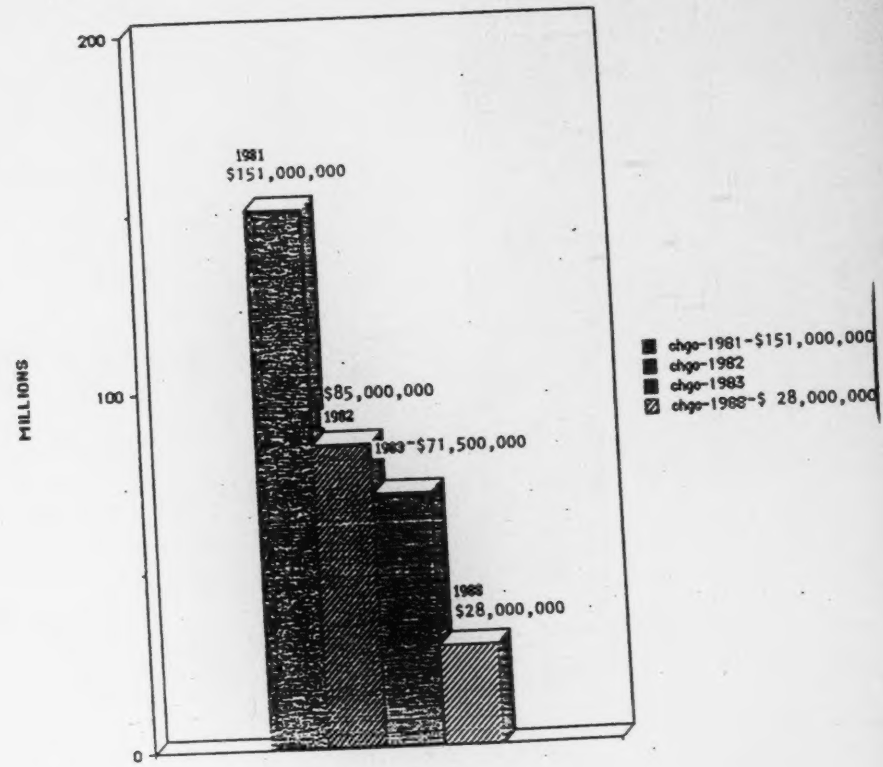
REAGAN FUNDING FORMULA REDISTRIBUTED MONEY AWAY FROM PEOPLE AND COMMUNITIES MOST IN NEED

- People with the lowest incomes would benefit most from employment and training programs.
- People are eligible for JTPA programs based on how low their income is--they don't have to be unemployed. For example, a father with a wife and two children can be employed and make $13,000 and still be eligible for JTPA.
- But the funds for JTPA are passed out to the states and cities based, primarily, on unemployment statistics, not on income statistics.
- This formula redistributes funds away from the areas with the most people with the lowest incomes--away from the areas with the greatest need.
- A recent Federal Department of Labor study criticized this distribution formula and said funds should be distributed much more on income and less on unemployment.
- Specifically, Illinois was cut $15,000,000 and Chicago $10,000,000 for summer jobs money because: the Federal formula emphasizes unemployment over income statistics. And Chicago received only $166,000 out of $3,000,000 that Illinois was restored.

REAGAN'S CUTS OF SUMMER YOUTH EMPLOYMENT FUNDS IN CHICAGO



REAGAN'S CUTS OF YEAR ROUND EMPLOYMENT AND TRAINING FUNDS IN CHICAGO



Senator SIMON. Thank you very much.

And our final witness, Mr. Whittaker.

Mr. WHITTAKER. Thank you, Senator Simon.

My name is David Whittaker, and I am the director of the Chicago Area Project, a network of community-based organizations working to combat juvenile delinquency.

For 50 years, the Chicago Area Project, or CAP, as we are commonly referred to, has been helping people help themselves. Ours is a grassroots agency that helps communities organize so they can help their kids.

We operate in areas that are hardest hit by poverty and social disorganization, and our affiliates serve all the young people they can reach, including those that are most at risk.

Our perspective is very much a street level, on-the-ground perspective of the social dynamic in today's urban America. Our view from the neighborhood shows us that our young people want to work.

In 1986, when JTPA's summer youth employment program supported 20,000 jobs in the city, 20,000 youngsters were there to take them, and many more would have worked had they been able to find employment.

Experience instructs us that our young people do not want to start at the top. They simply want a chance to start. They do not believe the world owes them a living but they do want a chance to earn a living.

This year, only 10,000 summer jobs are planned for Chicago under JTPA. What was not enough in 1986 has been slashed in half this year.

Without work our young people face a bitter array of barren choices and empty options. We can tell them to make the right choices, but we also must see that right choices are available.

We can tell them, for instance, to "say no" to drugs, but when we do that, we are also obliged to give them the chance to say yes to a constructive alternative.

This summer, we are simply not doing that. With a budget that has been reduced from $23.3 million to $14.9 million for summer youth jobs in Chicago, we are in effect sealing off thousands of our youngsters from the hope they must have to energize self-motivation.

Their basic expectations are consistent with the JTPA mandate, but the JTPA mandate is not being met. As I read the legislation, JTPA exists in large part to deliver the most help to the young population in most need.

Under the formula in force today, that is not happening. As the youth who are most in harm's way increase in number, as unemployment rises among cities' minority youth population, JTPA sends them less and less support.

I would call your attention, Senator, to exhibit A and B of my testimony on the back of the page, which demonstrate this pattern.

We have been part of the leadership team, with community groups and other agencies, public, private and nonprofit, seeking improvement in the practical effect of JTPA for some years. We strongly believe that this subcommittee should recommend the following. And to echo Jack's proposal, we also agree that this formula needs to be based on 100 percent disadvantaged population.

We believe that the JTPA distribution formula must be reweighted, with poverty levels factoring into the equation much more heavily, and the allocation of resources reworked.

Chicago lost more than $8 million between 1985 and 1988 for summer youth employment. In 1988, approximately $3 million was restored statewide to the State of Illinois, of which Chicago received only $166,000.

By distributing employment resources for kids based on adult unemployment rates, the JTPA allocation formula guarantees that dollars will be deflected from our most seriously impacted population.

For example, although the second quarter unemployment rate for Chicago is 11 percent, the black youth unemployment rate is roughly approaching 51.6 percent.

However, a full two-thirds of the available dollars are distributed based on the lower rate. This speaks loudly to the need for formula reform.

We believe that a supplemental grant that brings this summer's allocation back to the 1986 level, at a minimum, should be passed.

We also believe that a more comprehensive and coordinated long-range strategy should be designed, one which assures that the most help goes to those areas of the country where it is most needed.

We think that the linkages between JTPA's summer work and ongoing education must be more powerfully forged.

For many young people, the Depression never ended. For minority youth in Chicago unemployment is 2 and 3 times the national rate during the lowest depths of the Great Depression.

To look at the other side of the coin, and look at this issue another way: all teens, including minorities, are less likely to be employed full-time today than 9 years ago. We have seen employment drop from 46 percent in 1979 to 37 percent in 1985.

In addition to the 1.4 million teens officially unemployed, as many more have been discouraged and simply stopped seeking employment.

Only about 1 in 3 Hispanic youths, and fewer than 1 in 4 black youths were employed in 1986, according to statistics provided by the Children's Defense Fund.

I speak here, Senator, of the national problem because it is not separable from Chicago. Chicago sums up America. As we review the data, as we tend to business, as we see that on core youth issues and central youth concerns, Chicago's experience is typical. Nationally, the summer youth employment program served nearly 1 million youngsters in 1980.

Today, it reaches little more than 750,000.

The most visible problems, and the priorities demanding the swiftest and most telling treatment, are evident in places—not only Chicago—but places like New York City, where the summer youth employment program has been cut from 8 to 6 weeks, from $28.1 million to $21 million between 1986 and today.

Detroit is experience for the same 2 years is a cut from 8 to 6 weeks program duration and a reduction from $7.5 million to $5.6

million. Detroit serves 3,000 fewer youngsters; New York City serves 8,000 fewer youngsters.

This factor, while youth unemployment in our inner cities has reached disastrous proportion. Without work, or the realistic hope of work, nothing else we do, however good or well intended, can sustain an enduring value.

Without jobs, the fundamental, all else fails. Joblessness feeds everything that is wrong in our most impacted neighborhoods.

Even from a purely pragmatic posture, our current formula and policy defies logic. The lost tax revenues resulting from unemployment, coupled with the accelerating costs of welfare, police and courts, that joblessness creates, combine to raise the call for tax dollars.

The price of a better supported JTPA program, a more equitably formulated program, may seem high to some. It will not seem so much when the astronomical bill for unemployability and unemployment comes due in full.

Life for inner city youngsters is much the same from one metropolitan area to the next, and also, this is much different from the life in the rest of America.

Our national employment rate has no more bearing on the American inner city experience than does the unemployment rate in a place like Switzerland.

The young people we here are all concerned about are living in a world that is disconnected and increasingly alienated from what we take to be the societal norm.

The gap between those communities that have manageable unemployment and those where it is increasingly and horrendously unmanageable, that gap is both widening and deepening.

Such sharply etched and invidious economic distinctions invites a social myopia that put only our differences in focus, and blurs beyond recognition all that we have in common, all that unifies us. Make no mistake, youth unemployment becomes adult unemployment. A youngster who has been locked out of the workplace does not become an adult who magically enters the workplace at age 21. The patterns are set and the despondent lessons are learned in adolescence.

Some say it is too late for Congress to do anything for inner-city youngsters this year, or this summer. We believe it is too late for America not to do something about the summer situation.

Certainly it is not a question of capacity of ability. Hypothetically, if we were threatened externally this afternoon, Congress would do whatever was necessary for the defense of this nation.

We are threatened today by an insidious internal force—joblessness that translates into hopelessness, that translates into social disintegration.

Today, we urge the Congress to restore the JTPA summer youth employment funding. Such action will not solve all of our social problems at a single stroke. We cannot do everything at once. But that does not excuse us from doing what we can do.

Thank you, Senator.

[The prepared statement of Mr. Whittaker follows:]

MR. CHAIRMAN, SENATORS, MY NAME IS DAVID WHITTAKER AND I AM THE EXECUTIVE DIRECTOR OF CHICAGO AREA PROJECT, A NETWORK OF COMMUNITY BASED ORGANIZATIONS WORKING TO COMBAT JUVENILE DELINQUENCY. ON BEHALF OF OUR BOARD OF DIRECTORS, STAFF, COMMUNITIES, AND YOUTH WE SERVE, I APPRECIATE THIS OPPORTUNITY TO SHARE THE VIEWS OF CAP ON THE JOB PARTNERSHIP TRAINING ACT.

FOR FIFTY-FIVE YEARS, CAP HAS BEEN HELPING PEOPLE HELP THEMSELVES. OURS IS A GRASSROOTS AGENCY THAT HELPS COMMUNITIES ORGANIZE SO THEY CAN HELP KIDS. WE OPERATE IN AREAS THAT ARE HARDEST HIT BY POVERTY AND SOCIAL DISORGANIZATION, AND OUR AFFILIATES SERVE ALL THE YOUNG PEOPLE THEY CAN REACH, INCLUDING THOSE WHO ARE MOST AT RISK.

OURS IS A STREET LEVEL, ON-THE-GROUND PERSPECTIVE OF THE SOCIAL DYNAMIC IN TODAY'S URBAN AMERICA. OUR VIEW FROM THE NEIGHBORHOOD SHOWS US THAT OUR YOUNG PEOPLE WANT TO WORK. IN 1986, WHEN JTPA'S SUMMER YOUTH EMPLOYMENT PROGRAM SUPPORTED 20,000 JOBS IN OUR CITY, 20,000 YOUNGSTERS WERE THERE TO TAKE THEM -- AND MANY MORE WOULD HAVE WORKED HAD THEY BEEN ABLE TO FIND THE EMPLOYMENT. EXPERIENCE INSTRUCTS US THAT OUR YOUNG PEOPLE DON'T WANT TO START AT THE TOP -- BUT THEY DO WANT A CHANCE TO START. THEY DON'T BELIEVE THE WORLD OWES THEM A LIVING -- BUT THEY DO WANT A CHANCE TO EARN A LIVING.

THIS YEAR, ONLY 10,000 JOBS ARE PLANNED FOR CHICAGO UNDER JTPA. WHAT WASN'T ENOUGH IN 1986 HAS BEEN SLASHED IN HALF THIS YEAR. THE DEADLY SNARES THAT AWAIT INNER CITY YOUTH ARE SET ANEW EVERY DAY ON EVERY STREET OF THEIR WORLD. WITHOUT WORK, OUR YOUNG PEOPLE FACE A BITTER ARRAY OF BARREN CHOICES AND EMPTY OPTIONS. WE CAN TELL THEM TO MAKE THE RIGHT CHOICES, BUT WE MUST ALSO SEE THAT RIGHT CHOICES ARE AVAILABLE. WE CAN TELL THEM, FOR INSTANCE, TO "SAY NO" TO DRUGS, BUT WHEN WE DO, WE'RE ALSO OBLIGED TO GIVE THEM THE CHANCE TO SAY YES TO A CONSTRUCTIVE ALTERNATIVE. THIS SUMMER, WE'RE NOT DOING THAT. WITH A BUDGET THAT'S BEEN REDUCED FROM $23.3 MILLION TO $14.9 MILLION FOR SUMMER YOUTH

JOBS IN CHICAGO, WE'RE IN EFFECT SEALING OFF THOUSANDS OF OUR YOUNGSTERS FROM THE HOPE THEY MUST HAVE TO ENERGIZE SELF-MOTIVATION.

THEIR BASIC EXPECTATIONS ARE CONSISTENT WITH THE JPTA MANDATE -- BUT THE JPTA MANDATE IS NOT BEING MET. AS I READ THE LEGISLATION, JPTA EXISTS IN LARGE PART TO DELIVER THE MOST HELP TO THE YOUNG POPULATIONS IN MOST NEED. UNDER THE FORMULA IN FORCE TODAY, THAT ISN'T HAPPENING. AS THE YOUTH WHO ARE MOST IN HARM'S WAY INCREASE IN NUMBER, AS UNEMPLOYMENT RISES AMONG OUR CITIES' MINORITY YOUNG PEOPLE, JPTA SENDS THEM LESS AND LESS SUPPORT. EXHIBITS A AND B, WHICH YOU HAVE, DEMONSTRATE THE PATTERN.

WE HAVE BEEN PART OF THE LEADERSHIP TEAM, WITH COMMUNITY GROUPS, AND OTHER AGENCIES, PUBLIC, PRIVATE AND NON-PROFIT, SEEKING IMPROVEMENT IN THE PRACTICAL EFFECT OF JPTA FOR SOME YEARS. WE STRONGLY BELIEVE THAT THIS SUB-COMMITTEE SHOULD RECOMMEND THE FOLLOWING:

A. SUPPLEMENTAL ALLOCATION FOR THIS SUMMER
B. FORMULA REFORM WHICH REDIRECTS FUNDING TO THE MOST NEEDFUL AREAS OF THE COUNTRY.

WE BELIEVE THE JPTA DISTRIBUTION FORMULA MUST BE REWEIGHTED, WITH POVERTY LEVELS FACTORING INTO THE EQUATION MUCH MORE HEAVILY AND THE ALLOCATION OF RESOURCES REWORKED. CHICAGO LOST MORE THAN $8 MILLION BETWEEN 1985 AND 1988 FOR SUMMER YOUTH EMPLOYMENT. IN 1988 ABOUT $3 MILLION WAS RESTORED STATEWIDE -- OF WHICH CHICAGO RECEIVED ONLY $166,000.

THE JPTA ALLOCATION DISTRIBUTION FORMULA FAILS TO DELIVER RESOURCES TO THOSE MOST IN NEED OF THEM. BY DISTRIBUTING EMPLOYMENT RESOURCES FOR KIDS BASED ON ADULT UNEMPLOYMENT RATES, THE JPTA ALLOCATION FORMULA GUARANTEES THAT DOLLARS WILL BE DEFLECTED FROM OUR MOST SERIOUSLY IMPACTED POPULATION. FOR EXAMPLE, ALTHOUGH THE 2ND QUARTER UNEMPLOYMENT RATE FOR CHICAGO IS 11.0%, THE BLACK YOUTH RATE IS $51.6%. HOWEVER, A FULL TWO-THIRDS OF THE AVAILABLE

DOLLARS ARE DISTRIBUTEDS BASED ON THE LOWER RATE. ONLY 2 OUT OF EVERY 5 DOLLARS AVAILABLE HAS EVEN THE SLIGHTEST CHANCE OF REACHING YOUTH WHO DESPERATELY NEED A CHANCE TO LEARN EMPLOYMENT SKILLS AND EARN RESOURCES. THIS SPEAKS LOUDLY TO THE NEED FOR FORMULA REFORM.

WE BELIEVE THAT A SUPPLEMENTAL GRANT THAT BRINGS THIS SUMMER'S ALLOCATION BACK TO THE 1986 LEVEL, AT A MINIMUM, SHOULD BE PASSED WITHOUT DELAY.

WE ALSO BELIEVE THAT A MORE COMPREHENSIVE AND COORDINATED LONG-RANGE STRATEGY SHOULD BE DESIGNED, ONE THAT ASSURES THAT THE MOST HELP GOES TO THOSE AREAS OF THE COUNTRY WHERE IT IS MOST NEEDED. WE THINK THE LINKAGES BETWEEN JPTA SUMMER WORK AND ON-GOING EDUCATION, TRADITIONAL AND ALTERNATIVE, MUST BE MORE POWERFULLY FORGED.

IN ONE OF HIS VERSES FROM "THE PEOPLE, YES," CARL SANDBURG WROTE ABOUT CHICAGOANS DURING THE GREAT DEPRESSION. HE WROTE: "...HE MAY LIVE NOW/ JUST AROUND THE CORNER FROM YOU/ TRYING TO SELL/ THE ONLY THING HE HAS TO SELL/ THE POWER OF HIS HAND AND BRAIN/ TO LABOR FOR WAGES, FOR PAY/ FOR CASH OF THE REALM./ AND THERE ARE NO TAKERS, HE CAN'T CONNECT." HE WROTE OF THESE DESPERATE PEOPLE THAT SOME WERE "...YOUNG, HARD AS NAILS,/ COLD WITH QUESTIONS .... (THEY) ASK, 'WHY IS THIS WHAT IT IS?/ ..... (THEY) ASK, 'WHO OWNS THE EARTH AND WHY?"

THAT'S DEPRESSION VERSE, AND UNHAPPILY, IT'S FRESH TODAY. TENS OF THOUSANDS STILL CAN FIND NO TAKERS, STILL CAN'T CONNECT. FOR MINORITY YOUNGSTERS IN CHICAGO, UNEMPLOYMENT IS AT TWO AND THREE TIMES THE NATIONAL RATE DURING THE LOWEST DEPTHS OF THE GREAT DEPRESSION.

FOR MANY, THE DEPRESSION NEVER DIED. TODAY IT THRIVES, VIRULENTLY, IN AMERICA'S INNER CITIES. TO LOOK AT THE OTHER SIDE OF THE COIN, ALL TEENS, INCLUDING MINORITIES, ARE LESS LIKELY TO BE EMPLOYED FULL TIME TODAY THAN NINE YEARS AGO. WE'VE SEEN EMPLOYMENT DROP FROM 46% IN 1979 TO 37% IN 1985.

IN ADDITION TO THE 1.4 MILLION TEENS OFFICIALLY UNEMPLOYED, AS MANY MORE HAVE BEEN DISCOURAGED AND STOPPED SEEKING EMPLOYMENT. ONLY ABOUT ONE IN THREE HISPANIC YOUTHS AND FEWER THAN ONE IN FOUR BLACK YOUTHS WERE EMPLOYED IN 1986, ACCORDING TO THE CHILDREN'S DEFENSE FUND.

I SPEAK HERE OF THE NATIONAL PROBLEM BECAUSE IT ISN'T SEPARABLE FROM THAT OF CHICAGO.

CHICAGO SUMS UP AMERICA'S CITIES. NOT IN ALL WAYS OR EVERY DETAIL, BUT IN MOST IMPORTANT WAYS AND MANY SIGNIFICANT DETAILS. AS WE SPEAK TO COLLEAGUES AROUND THE COUNTRY, PEOPLE WHO LIKE WE ARE, ADVOCATES IN THE CAUSE OF YOUTH; AS WE REVIEW THE DATA; AS WE TEND TO BUSINESS; WE SEE THAT ON CORE YOUTH ISSUES AND CENTRAL YOUTH CONCERNS, CHICAGO'S EXPERIENCE IS ARCHETYPAL. NATIONALLY, THE SUMMER YOUTH EMPLOYMENT PROGRAM SERVED NEARLY 1 MILLION YOUNGSTERS IN 1980. TODAY, IT REACHES LITTLE MORE THAN 750,000.

THE MOST VISIBLE PROBLEMS, AND THE PRIORITIES DEMANDING THE SWIFTEST AND MOST TELLING TREATMENT, ARE EVIDENT IN PLACES SUCH AS NEW YORK CITY, WHERE THE SUMMER YOUTH EMPLOYMENT PROGRAM HAS BEEN CUT FROM 8 TOI 7 WEEKS, FROM $28.1 MILLION TO $21 MILLION, BETWEEN 1986 AND TODAY. DETROIT'S EXPERIENCE FOR THE SAME TWO YEARS IS A CUT FROM 8 TO 6 WEEKS PROGRAM DURATION, AND A REDUCTION FROM $7.5 MILLION TO $5.6 MILLION. DETROIT SERVES 3,000 FEWER YOUNGSTERS, NEW YORK CITY, 8,000 LESS. OTHER EXAMPLES ABOUND.

THIS, WHILE YOUTH UNEMPLOYMENT IN OUR INNER CITIES HAS REACHED DISASTEROUS PROPORTIONS. WITHOUT WORK, OR THE REALISTIC HOPE OF WORK, NOTHING ELSE WE DO, HOWEVER GOOD OR WELL INTENTIONED, CAN SUSTAIN AN ENDURING VALUE. WITHOUT JOBS, THE FUNDAMENTAL, ALL ELSE FAILS. JOBLESSNESS FEEDS EVERYTHING THAT'S WRONG IN OUR MOST IMPACTED NEIGHBORHOODS.

EVEN FROM A PURELY PRAGMATIC POSTURE, OUR CURRENT FORMULA AND POLICY DEFIES LOGIC. THE LOST TAX REVENUES RESULTING FROM UNEMPLOYMENT, COUPLED WITH THE ACCELERATING COSTS OF WELFARE, POLICE AND COURTS THAT JOBLESSNESS CREATES, COMBINE TO RAISE THE CALL ON TAX DOLLARS. THE PRICE OF A BETTER SUPPORTED JPTA PROGRAM, A MORE EQUITABLY FORMULATED PROGRAM, MAY SEEM HIGH TO SOME. IT WON'T SEEM SO MUCH WHEN THE ASTRONOMICAL BILLS FOR UNEMPLOYABILITY AND UNEMPLOYMENT COME DUE IN FULL. WE MUST PROVIDE PERTINENT TRAINING AND JOBS FOR OUR TEENS, AND THEY MUST KNOW THAT OPPORTUNITY IS OPEN TO THEM.

WHEN WE TELL OUR YOUNGSTERS TO STAY IN SCHOOL, AND THEY SEE THAT THERE IS NO WORK FOR THEM, OR FOR THOSE WHO WENT BEFORE EVEN IF THEY STAYED IN SCHOOL, IT'S NO WONDER THEY BECOME "COLD WITH QUESTIONS." WE TELL THEM THAT EDUCATION WILL PRIME THE PUMP FOR A LIFE OF HONEST DIGNITY AND WORTHWHILE WORK. THEY MIGHT WELL REPLY WITH ANOTHER STANZA FROM THE SANDBURG POEM:

"TO HIS DRY WELL A MAN CARRIED/ ALL THE WATER HE COULD CARRY,/ PRIMED THE PUMP,/ DREW OUT THE WATER,/ AND NOW,/ HE HAS ALL THE WATER HE CAN CARRY." WHERE, OUR YOUNGSTERS ASK, IS THE ADVANTAGE IN PREPARING FOR A FUTURE THAT DOESN'T EXIST?

LIFE FOR INNER CITY YOUNGSTERS IS MUCH THE SAME FROM ONE METROPOLIS TO THE NEXT, AND MUCH DIFFERENT FROM THE LIFE OF THE REST OF AMERICA. OUR NATIONAL EMPLOYMENT RATE HAS NO MORE BEARING ON THE AMERICAN INNER CITY EXPERIENCE THAN DOES THE UNEMPLOYMENT RATE IN SWITZERLAND. THE YOUNG PEOPLE WE HERE ARE ALL CONCERNED ABOUT ARE LIVING IN A WORLD THAT IS DISCONNECTED AND INCREASINGLY ALIENATED FROM WHAT WE TAKE TO BE THE SOCIETAL NORM. THE GAP BETWEEN THOSE COMMUNITIES THAT HAVE MANAGEABLE UNEMPLOYMENT AND THOSE WHERE IT IS INCEASINGLY AND HORRENDOUSLY UNMANAGEABLE, THAT GAP IS BOTH WIDENING AND DEEPENING TO AN UNSPANNABLE CHASM.

SUCH SHARPLY ETCHED AND INSIDIOUS ECONOMIC DISTINCTIONS INVITE A SOCIAL MYOPIA THAT PUT ONLY OUR DIFFERENCES IN FOCUS, AND BLURS BEYOND RECOGNITION ALL THAT WE HAVE IN COMMON -- ALL THAT UNIFIES US. THE GRAVITY OF MINORITY YOUTH UNEMPLOYMENT IN OUR INNER CITIES, WHICH IS ALREADY INTOLERABLE TO THE SECOND POWER OR MORE, IF UNCHECKED, WILL INEVITABLY BREED THE KIND OF MUTUAL HOSTILITY AND CONTEMPT THAT CAN TURN OUR CITIES INTO SECULAR BELFASTS, AT WAR WITH THEMSELVES.

MAKE NO MISTAKE, YOUTH UNEMPLOYMENT BECOMES ADULT UNEMPLOYMENT. A YOUNGSTER WHO HAS BEEN LOCKED OUT OF THE WORKPLACE DOES NOT BECOME AN ADULT WHO MAGICALLY ENTERS THE WORKSTREAM AT AGE 21. THE PATTERNS ARE SET AND THE DESPONDENT LESSONS LEARNED IN ADOLESCENCE.

JPTA MUST BE SHAPED AND SUPPORTED TO DO BETTER. WE BELIEVE THAT THE LINKAGES BETWEEN JPTA SUMMER WORK AND GERMANE EDUCATION MUST BE MORE POWERFULLY FORGED. WE BELIEVE THAT MORE RATIONAL AND EFFECTIVE TIES BETWEEN PREPARATION FOR WORK, WORK ITSELF, AND SUBSEQUENT REINFORCEMENT AND ENRICHMENT MUST BE DESIGNED. WE RECOGNIZE THE NEED TO DEVELOP STRONGER THROUGH-LINES OF CONTINUING SUPPORT BOTH BEFORE AND AFTER INITIAL JOB EXPERIENCES PROVIDED BY THE JPTA PROGRAM. WE ACKNOWLEDGE THAT THE ENGINE OF WORK MUST PROCEED ON THE TWIN RAILS OF EDUCATION AND EXPERIENCE.

AS WE READ THE JPTA LEGISLATION, WE ALSO SEE THAT IT'S INTENT WAS NOT TO PROVIDE EXPERIENCE OF THE WORKPLACE ONLY TO YOUNGSTERS WHO ARRIVE ON THE SCENE ALREADY UP-TO-SPEED. THE AUTHORS OF THE ACT RECOGNIZED THAT ON-THE-JOB EXPOSURE WAS ITSELF VALUABLE: THEY KNEW THAT ONE OF THE BEST PLACES TO LEARN ABOUT EMPLOYER EXPECTATIONS WAS ON THE JOB; THAT ONE OF THE BEST PLACES TO DEVELOP AN APPRECIATION OF THE CONTRIBUTION SCHOOLING CAN MAKE TO JOB SECURITY, SATISFACTION AND ADVANCEMENT, IS IN THE WORKPLACE.

WE VIGOROUSLY ADVOCATE LONG-TERM ADJUSTMENTS IN JPTA THAT WILL PUT IT ON A PATH OF CLOSURE WITH ITS MANDATE.

YET, WE ALSO SEE THE IMMEDIATE NEED TO CORRECT THE SHORTFALL IN RESOURCES FOR THIS SUMMER IN OUR CITIES. WE URGE A FIGHT FOR A SUPPLEMENTAL APPROPRIATION THAT WILL RAISE THE LEVEL OF 1988 SUPPORT FOR SUMMER YOUTH EMPLOYMENT TO A MINIMUM OF PARITY WITH THE 1986 FIGURE.

SOME SAY IT'S TOO LATE FOR THE CONGRESS TO DO ANYTHING FOR INNER CITY YOUNGSTERS THIS YEAR. WE BELIEVE IT'S TOO LATE FOR AMERICA NOT TO DO SOMETHING ABOUT THIS SUMMER'S SITUATION. CERTAINLY, IT ISN'T A QUESTION OF CAPACITY OR ABILITY.

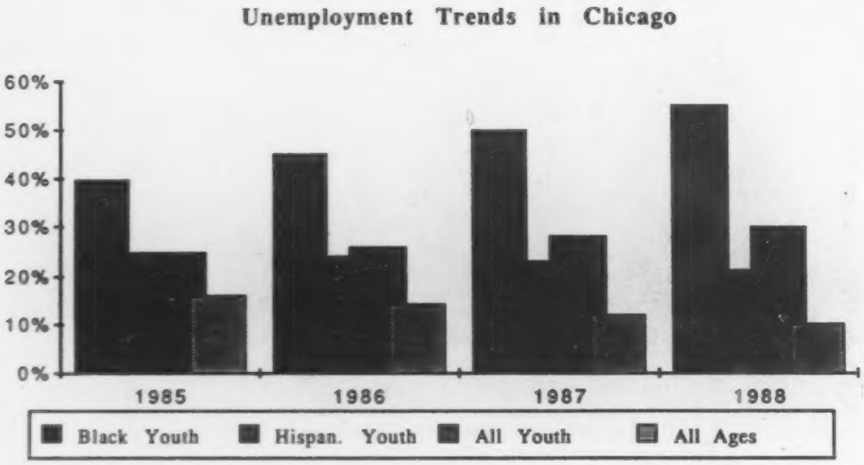
HYPOTHETICALLY, IF WE WERE THREATENED EXTERNALLY THIS AFTERNOON, WE WOULD DO WHATEVER WAS NECESSARY FOR DEFENSE AND DO IT NOW. WE ARE THREATENED TODAY -- BY AN INSIDIOUS AND MALEVOLENT INTERNAL FORCE -- JOBLESSNESS THAT TRANSLATES INTO HOPELESSNESS AND SOCIAL DISINTEGRATION. WE CAN AND MUST DO WHAT IS NECESSARY TO COMBAT THAT THREAT NOW. IT'S NO MORE COMPLICATED THAN PROVIDING JOBS FOR THOSE YOUTH WHO WANT TO WORK, WHO NEED TO WORK. THOSE MINIMUM WAGE JOBS WILL HAVE MORE EAGER APPLICANTS THAN THEY CAN ACCOMMODATE. THE MINIMUM WAGE THEY BRING HOME AND INTO THEIR COMMUNITIES WILL CONTRIBUTE IMPORTANTLY TO FAMILIES AND NEIGHBORHOODS THAT ARE UNDER UNRELENTING ECONOMIC SEIGE.

IT CAN STILL BE DONE, IF IT WILL BE DONE.

TODAY, WE URGE THE CONGRESS TO RESTORE JPTA SUMMER YOUTH EMPLOYMENT FUNDING. SUCH ACTION WON'T SOLVE ALL OUR SOCIAL PROBLEMS AT A SINGLE STROKE. WE CAN'T DO EVERYTHING AT ONCE. BUT THAT DOES NOT EXCUSE US FROM DOING WHAT WE CAN. WE'LL NOT BE JUDGED FOR WHAT WE COULDN'T DO, BUT WE WILL BE CALLED TO ACCOUNT FOR NOT DOING WHAT WE COULD.

THANK YOU.

Exhibit A

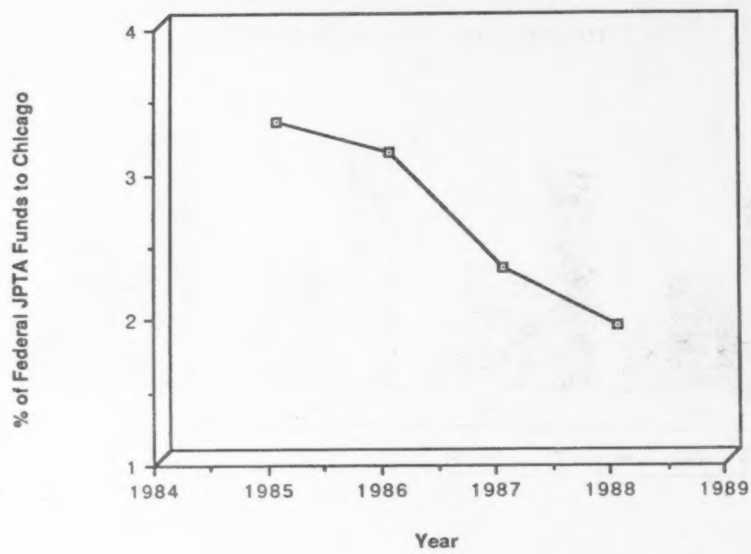


Source Document:
Department of Labor Statistics 1988

Mayor's Office of Employment & Training,
Chicago, Illinois 1988

Exhibit B

Decreasing JPTA Funds for Chicago



Source Document:

Mayor's Office of Employment & Training
Chicago, IL 1988
Children's Defense Fund Budget 1988

Senator SIMON. I thank all three of you.

Mr. Vazquez, first, the "hold harmless" provision that you talk about is, frankly, a political device to get something passed, and it is not usually a desirable thing, but you have to get 51 votes on the Floor of the Senate to get something passed.

Mr. VAZQUEZ. I understand.

Senator SIMON. And to the extent that we can—and it also does provide some cushioning for phasing out. If you were to write the new formula, what would it be?

Mr. VAZQUEZ. I think——

Senator SIMON. Or where would you put the economically disadvantaged?

Mr. VAZQUEZ. In terms of a new formula, I would support the direction of making the formula based upon the economically disadvantaged. In that context, I think you would get equity across the State, and you would not need a "hold harmless" because you would design your program to serve that population.

Senator SIMON. The reality is we are not going to get a 100 percent, as I think you know, but some substantial increase.

Mr. VAZQUEZ. In that sense, the present weighting of the three characteristics in the formula I think need to be changed, with the economically disadvantaged factor given a much greater weight than under the present formula. And I would probably say a minimum of 50 percent, as Mr. Schneider did, but with the hopes it would be as great as 70 percent.

Senator SIMON. You have talked to your counterparts in other cities. Do you find the same reaction in other areas?

Mr. VAZQUEZ. To the allocation formula?

Senator SIMON. To the whole problem of the distribution formula.

Mr. VAZQUEZ. Yes. Yes. I work closely with people through the U.S. Conference of Mayors, and the Employment and Training Council, and this has been a major preoccupation on the part of cities throughout the country.

Senator SIMON. And I would assume that if you have problems, you can imagine what East St. Louis may be like.

Mr. VAZQUEZ. Exactly. East St. Louis, down in Cairo, in Greater Egypt, down in the southern point of the State. As I mentioned before, Champagne County and other areas of the State have the same problem.

Senator SIMON. Mr. Wuest, you have worked with CETA also, back some years ago. This is a more general question. As you look on it, what were the strengths of CETA relative to JTPA in reaching people who really needed the help?

Were there some things that we could learn from CETA for JTPA?

Mr. WUEST. Well, the programs we had under CETA, adult and youth programs—the adult programs—both programs could be focused at jobs, we could provide people with jobs. The kids with part-time jobs tied into education, so that they would stay in school, and have some money in their pocket. I mean, alternative schools or learning centers for kids who have been dropouts.

And from our experience that is the most sensible way to go. They need some money. The job, either on the site of the school, or off the site, and a movement towards off the site gets them used to showing up to a program on time. The regular social skills as well as increasing their basic skills.

Those kinds of programs that Taggart and other people in the DOL did as experimental programs then made sense, and we have really structured our programs and fought hard to structure our programs under JTPA in the same way, and we have had very good cooperation from the city to do that.

Adult programs. I think the one thing that was not done, at least for our programs enough under CETA—and we just did not have the funding for it—was providing them with more basic skills.

But again, our experience was that these people, as limited as their skills were, they took a real pride of having a job. They made a good buck then, and they had a real contribution to their neighborhood.

I think one of the best-kept secrets of CETA is that the theater renaissance that Sam Bernstein helped create, in a study done in 1975, really began off CETA, and Chicago is one of the most thriving community-theater networks in the country, and that really began with Sam's efforts, and a lot of community groups, too.

One of the more famous people that we helped under CETA in our program was Marva Collins. She was under CETA, under our program for three and a half years. People like that—that is a very use of money, and she was obviously skilled, but there are other people with very little skills. People could—creative use of money where people can contribute to the well-being of their neighborhood, take pride in that, and when those programs did stop, they went out and tried to find, and did in fact—50 percent of them find jobs in the private sector.

My point being that the shortcomings under CETA were such only that we could not give the adults enough skills. If I had to do it again, I would—for adults and youth—particularly the low-skilled adults and youth in inner-city, combine learning centers that could provide job opportunities and basic skills, finishing towards their high-school diploma and GED.

Senator SIMON. You did one other thing in your statement. You tied in the jobs with the crime rate. If this nation had the good sense to say—we are going to provide jobs for anyone who's out of work, say, 5 weeks or more—so that no one just is put on the refuse pile of society, what would happen to the crime rate in the City of Chicago?

Mr. WUEST. I think over 8 or 10 years you would see a dramatic drop in that, if people could make an adequate salary. Now I have to stress "adequate salary" because Boston, with all of its employment, its poverty rate has gone up because the downscaling of wages is significant in the last 8 to 10 years, and I think Andy Summ has shown that very significantly in his income studies out of Northeastern Massachusetts.

People are working two to three jobs just to try to be where they might have been 10 years ago with one job, which I know you are very well familiar with.

I have no question in my mind, that people who are driven desperately—in Chicago, drugs are a $3 billion a year industry, and people cannot find enough, quote, unquote, "honest ways" to earn a living, to take care of themselves and their own families, and to raise a family, they will find it any other way and it will put them in, quote, unquote, "crime."

Let me just add one other thing. Garry Wills, in his books, "Innocence At Home" made the point, and drove it home very poignantly, that Ronald Reagan's brother and father were on work employment programs back under WPA in 1934 through 1935 and 1936, and I think it is very unfortunate he has forgotten that kind of point.

Those people were desperate and they had jobs, and they helped pull them out of a desperate situation. At that point the unemployment rate in the country was 23, 22 percent.

The unemployment rate for youth in Chicago is 61 percent. That is black youth, particularly. And the unemployment rate for black adults is about 35 percent. Well, that is certainly greater than any Depression.

I think there is a blatant hypocrisy of this Adminstration in what they have done and have not done, and I think we need to somehow get ourselves organized enough to provide people—like you are saying—and I really mean this honestly.

You came out about a year ago in terms of your employment programs, and I know you took a lot of heat. About 2 years ago a bunch of us started talking about employment and poverty, and the welfare debate drives us to distraction, real honestly, because poverty is a problem of people not having a way to earn enough money to take care of themselves.

And if they had salaries—and our experience from CETA was that if they were given that, they could really take care of themselves and do that in a very dignified way.

And that is why I say you are encouraged to do that, and we push those issues. Dave helped organize some hearings on the west side no more than 2 weeks ago on unemployment. We want to do more of that, to drive that issue home again and again and again.

Senator SIMON. Good for you. And if I may just add one somewhat self-serving question here.

I, some time ago, said we are going to have a choice of creating more jobs or building more prisons, and Assistant Attorney General Brad Reynolds has sent a memo to the Attorney General and the internal leaders of the Justice Department that was supposed to be confidential, that got into the newspapers, in which he specifically said, you know, we ought to be taking out after Paul Simon for not opposing crime enough.

The reality is we can—this is a leading question obviously—but we can do much, much more for our society and do a much better job. Obviously we need prisons but we have to be doing more constructive things if we are really serious about crime. That is my leading question. Am I correct?

Mr. WUEST. I think that is absolutely true. I think maybe he is worried more of his colleagues filling the prisons or something these days. I do not know.

Senator SIMON. Mr. Whittaker, you talked about the unemployment rate for black youth. I do not find a similar statistic for Hispanic youth but I assume it would be very similar.

Mr. WHITTAKER. It is quite high; it is very similar. It is a little bit less than for black youth.

Mr. VAZQUEZ. About 29 percent.

Mr. WHITTAKER. 29 percent.

Senator SIMON. And how would that compare to, say, 3 years or or 10 years ago?

Mr. WHITTAKER. From our statistics, an increase of approximately 5 percent a year, so it looks, in Chicago, like it is approximately a 15 percent increase over the last 3 years.

Senator SIMON. And you specifically talk about the summer youth employment programs in your statement, and you mentioned here, "The summer youth employment programs served nearly 1 million youngsters in 1980. Today it reaches little more than 750,000."

In the meantime, what has happened in Chicago, as in every other urban area—we have been stockpiling the poor more and more.

Mr. WHITTAKER. Exactly.

Senator SIMON. What does this mean in the lives of young people, in terms of 250,000 people not having—young people out on the streets without jobs?

Mr. WHITTAKER. It certainly means, Senator, in a real way, a loss of everything that we hold true in this country. A loss of self-respect, a loss of self-esteem. A belief that this country does not work for a certain segment, indeed a certain population in this country. So what happens with our young people, particularly those that are gathered in those various housing complexes, in the large public-housing areas, is that you have a population that has been excluded, considers itself excluded from society, from everything that, again, we have been taught to work for and taught to hope for in this country.

Then we have the development of a sub-culture with these young people, and the sub-culture responds to the needs of these young people in a real way, in terms of money, in terms of income, in terms of prestige, in terms of sanctioning for their standards of good behavior as well as bad behavior.

So what happens is that you take people out of the norms of this society, and we simply have a population that develops anti-social, anti-regular behavior, because that is the only behavior that is fostered, and that is promoted in that culture.

You simply cut off all alternatives. These alternatives not only include things that we were talking about, generally, like education, what have you, but these summer youth employment are an essential part of the ingredients needed to pull these kids out of these sub-cultural mentalities or these sub-culture attitudes.

And when we cut those back, we are saying that you are not that important to this society, and we have these kids standing in line for jobs, and that is what we do—I mean, that is what is hard for us, for those of us that work in this field. We have these kids standing in line for jobs, and we have to tell at least half of them—sorry, kids, go back home.

It just reinforces, it reinforces all the negative things that they have been taught to believe all their lives—that they are not a part of this society. Indeed, it has no legitimacy for you. For whatever reason, it does not work for you. And we tell them to go home, because we only have half the jobs this year, that is a clear message that those of us that understand their hardship, that understand their sense of hopelessness—it is a hardship for them as well as those that are attempting to break them out of this cycle.

Senator SIMON. You used two words, "self-esteem" and "hope." William Julius Wilson has written this book, "The Truly Disadvantaged," in which he points out something that I think is significant.

Some times, with progress in our country, there's also a little bit of bad. We have opened up opportunities for women for example—that is good—but as a result, we do not have some of the really good people entering the field of teaching that we once did. It is kind of a peripheral negative that comes with it.

One of the things that he mentions in his book, that is good, is that we have opened up our society in terms of housing patterns. So that the black physician and black lawyer, and so forth, no longer has to live in the ghetto, and can move to other sections of the city or the suburbs, and that is good. But it also means that we have concentrated the poor.

Mr. WHITTAKER. Exactly.

Senator SIMON. And people do not see others who have emerged, and there are not neighbors to go to for help. And when you use the word "hope," my observation, after some years of observing political life—the real divisions in our society are not between black and white or Hispanic and Anglo, or even between rich and poor. It is between people who have hope and people who have given up.

Mr. WHITTAKER. I agree with you totally, Senator.

Senator SIMON. And there are really two things that give people hope. One is moving ahead with an education, either themselves or for their children, or the other thing is a job.

Mr. WUEST. Absolutely.

Senator SIMON. And we are denying too many people both of those, and I commend you for what you are doing, and I hope this nation is wise enough, in addition to being compassionate enough, to start moving more dramatically in the right direction soon.

[Additional material supplied for the record follows:]

U.S. DEPARTMENT OF LABOR
SECRETARY OF LABOR
WASHINGTON, D.C.

July 21, 1988

Dear Mr. Chairman:

Thank you for your letter of June 15. I appreciate your kind words on the "At-Risk Youth Employment and Training Amendments of 1988" and the opportunity to present our proposal to your subcommittee. I look forward to working with you to address the needs of disadvantaged young people who face long term unemployment and dependency.

You requested that I explore the Job Training Partnership Act (JTPA) Title II formula implications of using the term "poverty" rather than "economically disadvantaged." I share your concern regarding the adequacy of the current Title II formula. We will study this issue closely as part of our review of the JTPA program which we will initiate in the coming weeks. The primary objective of this in-depth look at the JTPA program will be to enhance the quality of services provided to JTPA enrollees. The initiative will be guided by an Advisory Committee composed of representatives of the JTPA system, public interest groups, community organizations, business, labor, education, and the general public.

I will share our further thoughts with you on the Title II formula and other areas of consideration as we proceed with the review.

A copy of the corrected transcript for the June 8 hearing is enclosed.

If I can be of further assistance, please do not hesitate to call me.

Sincerely,

Ann McLaughlin

ANN McLAUGHLIN

The Honorable Paul Simon
Chairman, Subcommittee on
Employment and Productivity
Committee on Labor and Human
Resources
United States Senate
Washington, D.C. 20510

Enclosure

Abt Associates Inc.
55 Wheeler Street, Cambridge, Massachusetts 02138-1168
Telephone • 617-492-7100
TWX: 710-3201382

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August 12, 1988

Senator Paul Simon
Chairman, Subcommittee on Employment and Productivity
Committee on Labor and Human Resources
Washington, DC 20501-6300

Dear Senator Simon:

Thank you for the recent opportunity to testify before your Subcommittee at the June hearings on Who is Being Served in Title IIA of the Job Training Partnership Act. I found the hearings interesting and informative and Abt Associates was pleased to make a contribution to your efforts to strengthen JTPA.

I am writing to respond to Senator Quayle's inquiry regarding the relative merits of using the "economically disadvantaged" measure versus the "poverty" measure in the JTPA allocation formula.

From both a conceptual and measurement perspective, both the economically disadvantaged (ED) and poverty indicators are quite similar. Both are based upon family income level with counts most accurately derived from the decenial census. The ED measure is somewhat more comprehensive in that its definition is based upon the higher of two income thresholds (the OMB poverty guidelines and 70 percent of the BLS Lower Living Standard Income Level). As a result the economically disadvantaged population is larger than the poverty population. However, our research indicated that, holding total population size constant, there is a high degree of correlation (.98) between an area's poverty population and their ED population.

From a practical perspective, however, there are several important differences that should be noted. First and foremost, the adult poverty indicator is hampered by any adjustments for regional cost of living differences. The threshold assumes that if a family of 4 is making less than X dollars, that they are "equally poor" in any region of the country. While the ED measure is partially reliant on OMB poverty estimates, it does acknowledge cost of living differences through its concurrent use of the BLS Lower Living Standard thresholds which are regionally adjusted.

A second strength of the economically disadvantaged measure is that it directly reflects the JTPA eligibility criteria. From the perspective of conceptual consistency, I feel that it is important that job training funds are distributed in a manner which directly mirrors the distribution of the eligible population. Although the decenial census is not able to calculate State and SDA factor shares based on the precise definition of ED contained in the legislation, it is a closer proxy than the poverty measurement.

Since both measures would ultimately be derived from the decenial census, they are both subject to the often-voiced concerns over the currency of this data base. Our research indicated that this concern is quite valid in light of the significant shifts in the low income populations that have been observed over a ten year period.

In light of this problem, we devoted considerable attention to exploring alternative data sources for securing more current estimates of the economically disadvantaged population. The most promising option was the Current Population Survey's Annual Work Experience Supplement which has several key strengths. First, the CPS is a methodologically rigorous survey that is already in place. Second, the CPS is currently used to generate unemployment estimates for the current formula. As a result, the survey is a known commodity to the JTPA community. Finally, the CPS sampling frame has recently been redesigned to insure a greater level of accuracy in each state.

Our research indicated that a minimum of two (and more safely three) years of ED data should be combined to insure a sufficient level of accuracy at the state level. It should be noted, however, that the use of such updated estimates of the ED population from the CPS Work Experience Supplement still requires the use of the Census-based information to establish SDA level estimates for sub-state allocations.

I should note that our research into this option was preliminary in nature. However, this approach does appear to warrant further investigation by the Department of Labor.

Thank you again for the opportunity to participate in this dialog over the future of JTPA. I look forward to continuing the discussion as your bill proceeds through the legislative process.

Sincerely,

Glen Schneider
Senior Associate

GS/dpp

cc: Ms. Pat Fahey

BEST AVAILABLE COPY

NATIONAL COMMISSION FOR EMPLOYMENT POLICY
1522 K Street, NW, Suite 300
Washington, D.C. 20005

(202) 724-1545

June 30, 1988

Senator Paul Simon
Chairman, Subcommittee on Employment
  and Productivity
Committee on Labor and Human Resources
Washington, D.C. 20501-6300

Dear Senator Simon:

The National Commission for Employment Policy is pleased to respond to your request of June 8, 1988, to provide recommendations on legislative changes to the Job Training Partnership Act of 1982 made at the Subcommittee hearing on Employment and Productivity. As you know, the Commission has continually been involved in reviewing the status of JTPA programs nationwide and over the last several years, has actively supported a number of research endeavors to this end. At the Commission's regular meeting on June 10, 1988, answers to questions raised by you at the hearings were discussed.

Based on our analysis of available information, including the findings from the report, "Who is Served in JTPA Programs: Patterns of Participation and Intergroup Equity," on which we testified, the Commission concludes that with minor exceptions, JTPA is working well — it is helping people in need of its services, and is indeed making a significant difference in the lives of the people who participate in the program. Therefore, the Commission does not advocate making major revisions to the legislation at this time; rather, as noted in our major report issued in September of last year, the majority of the Commission's recommendations are geared to specific Department of Labor or state activities, rather than the Act itself.

There are, however, four areas that the Commission has previously investigated and recommended that the Congress take appropriate action on.

1) Coordination. The Job Training Partnership Act requires that local and state programs coordinate with other employment-related programs, such as those operated by the Employment Service, welfare agencies, economic development entities and vocational education institutions in their respective areas. The Act clearly recognizes that JTPA cannot address the full breadth of structural unemployment problems alone; it has neither the resources nor the range of capabilities required to adequately address the issue of job creation, or to deliver training independent of the vocational education system, or to assume sole responsibility for reducing welfare dependency. More than any other legislation in this field, JTPA was conceived as a coordinative tool. In fact, many provision in the Act were explicitly included to improve coordination with related agencies' programs.

The level of coordination required on the part of JTPA administrators is significantly greater than that stipulated in the legislation authorizing these other employment related programs. (This one-sided situation was also noted to be problematic by many JTPA program administrators in the 1987 National Alliance of Survey of SDA Directors and PIC Chairs.) Therefore, the Commission recommends that Congress add similar language to that included in JTPA to other employment-related legislation, including various education laws, since mutual requirements for coordination do more to accomplish that end than do "one-way mandates" under JTPA. Furthermore, where federal laws or regulations constitute barriers to coordination, we recommend that work begin to overcome the problem.

Although the Commission is very satisfied with the various provisions in JTPA which foster coordination, there is however, one area of the coordination requirements that requires further refinement — the 8-percent set-aside. (Eight percent of a state's Title IIA allotment for each fiscal year is earmarked for state education programs. One fifth of these funds must be used for education coordination activities.) Although the purpose of this requirement was to encourage coordination between education and job training entities, program evaluators have noted that the funds are sometimes turned over to state educational agencies, which thereafter, make little attempt to coordinate their use with JTPA administrators. The Commission, therefore, recommends that future amendments to the Act define what is meant by "coordination activities" as it applies to the 8-percent set-aside.

2) Special Set-Aside of Title IIA funds. Based on various research results undertaken by the Commission and others, as noted earlier, we conclude that JTPA is serving the economically disadvantaged and is placing the poor in jobs in accordance with its mandate. However, the Commission is aware that there are persons with even more serious and often multiple problems that do not make them likely candidates for success in JTPA, or indeed, most other training programs (e.g., drug addicts, alcoholics, welfare recipients with large families, teenage-parents). These are individuals who require a level of service and support that is difficult for many local programs to provide and support as JTPA is currently written and structured. The Commission, therefore, recommends that Congress amend JTPA to permit a small percentage (e.g., 2 percent) of the regular Title IIA training allocation be used by each SDA for any legal purpose of the Act, including experimental programs for groups with special needs, to help SDAs include some of the most "hard to serve" eligible individuals in its program. To encourage the utilization of these funds in this way by the SDAs, the Commission recommends that these funds be exempt from performance standards.

3) Five-percent set-aside for states. Many state administrators have argued that the 5-percent set-aside provided from the state's allocation of Title II monies is insufficient for them to provide the level of support to local programs and undertake the various state-level activities outlined in the legislation. Through discussions with state administrators and analysis

of other information, the Commission believes that there is some legitimacy to the complaints expressed by state administrators. The Commission contends that the problem is exacerbated by fluctuations in the amount of funding allocated to the state and that substantial changes in funding levels greatly impacts a state's ability to effectively carry out its mandated activities. This is particularly true with respect to small states -- a loss in the amount of available state monies can be particularly devastating to state receiving an allocation on the lower end of the scale. The Commission, therefore, recommends that the Congress review the 5-percent set-aside provision for state administrative costs, with the objective of providing a "hold-harmless" provision for small states and providing a "floor" or minimum amount of funds for each state.

4) Targeting of long-term welfare recipients. In our recent report on "Who Is Served in JTPA Programs," we noted that with the exception of adult high school drop outs and Hispanic males, service to substantial segments of the population and the groups targeted by the Act was exemplary. In particular, we believe that the excellent participation rate in the youth, youth drop-out, and recipients of Aid to Families with Dependent Children (AFDC) show that targeting works. Therefore, the Commission recommends that Congress amend JTPA to include language targeting service to long-term welfare recipients. The Commission further recommends that the definition of "long-term welfare recipient" be consistent with that used in the new JTPA reporting requirements which become effective July 1, 1988. A long-term welfare recipient is defined as an individual who has received public assistance for 24 out of the last 30 months before applying to the program.

The Commission would like to defer any comments about possible changes in the area of performance standards since we are currently involved in a major effort to study the effects of performance standards on who is served, the type of service, and the cost of providing such services. As you are well aware, the implementation of performance standards is one of the most controversial aspects of the JTPA legislation -- some program administrators hail them as the mechanism which makes the entire system work, while others believe that they have a negative impact on all aspects of the program. This study, which is being carried out under contract with SRI International, and Berkeley Planning Associates is one of the most ambitious and largest efforts in which the Commission has been involved. We will be happy to forward to you the results of this effort when it is completed late this summer.

We, at the Commission, would like to take this opportunity to commend you on your recent oversight hearing on this important piece of legislation. The inability on the part of many Americans to work productively in today's technological economy has serious social and economic consequences for the nation as a whole as well as for those individuals unable to fully participate in the America's labor market. Because we strongly feel that the success of JTPA is important to the long-term economic health of the nation, we are committed to undertaking research efforts which evaluate the effectiveness of the program. If the Commission can be of any further assistance to you, please let us know.

Sincerely,

Gertrude C. McDonald
GERTRUDE C. MCDONALD
Chairman

Senator Simon. We thank you very, very much for your testimony, and our hearing stands adjourned.

[Whereupon, at 3:59 p.m. the subcommittee was adjourned, subject to the call of the Chair.]

YOUTH EMPLOYMENT UNDER TITLE II OF THE JOB TRAINING PARTNERSHIP ACT

THURSDAY, SEPTEMBER 22, 1988

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:15 p.m., in room SD-430, Dirksen Senate Office Building, Senator Paul Simon (chairman of the subcommittee) presiding.

Present: Senator Simon.

OPENING STATEMENT OF SENATOR SIMON

Senator SIMON. The hearing will come to order.

First of all, I want to apologize. At one point today, there was an objection to holding the hearing, which any member of the Senate can technically make. The hearing was canceled; then it was put back on about an hour-and-a-half ago. I have just been to a Foreign Relations Committee meeting, and I may have to leave here. We may have to very quickly adjourn the hearing because the minimum wage bill is up and an amendment of mine may be coming up. So I will ask all witnesses to be brief. We will enter your full statements in the record, and we will proceed as quickly as we can so we do not end up without an opportunity for our witnesses to be here.

I have an opening statement. I will put that statement in the record. Basically, I have some concerns about where we are going. One is are we creaming too much to great a degree? Second, are we serving young people who really need the help? The out-of-school work force, how do we mesh that with encouraging them to continue their education? I would say those are the two fundamental concerns that are spelled out a little more in my opening statement.

[The prepared statement of Senator Simon, with attachments, follows:]

OPENING STATEMENT OF SENATOR PAUL SIMON (D, ILL.)

HEARING OF THE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY ON AMENDMENTS TO THE TITLE II OF THE JOB TRAINING PARTNERSHIP ACT

September 22, 1988

GOOD AFTERNOON. I WANT TO WELCOME ALL OF OUR WITNESSES TO THIS HEARING TODAY. I ESPECIALLY WANT TO WELCOME ROBERTS T. JONES, THE NEW ASSISTANT SECRETARY FOR EMPLOYMENT AND TRAINING IN THE LABOR DEPARTMENT. THIS, I BELIEVE, IS HIS FIRST OPPORTUNITY TO TESTIFY SINCE HE WAS OFFICIALLY SWORN-IN BY THE SECRETARY ON AUGUST 30, 1988. BOB JONES IS NO STRANGER TO THIS COMMITTEE. HE HAS BEEN A RESPECTED CIVIL SERVANT IN THE LABOR DEPARTMENT AND SOMEONE WHO HAS WORKED WELL WITH THE MEMBERS AND STAFF OF THIS COMMITTEE ON BOTH SIDES OF THE AISLE. I AM CONFIDENT THAT THAT WORKING RELATIONSHIP WILL CONTINUE IN HIS NEW POST.

UNFORTUNATELY, MAYOR EUGENE SAWYER OF THE CITY OF CHICAGO IS UNABLE TO BE PRESENT AND TESTIFY THIS AFTERNOON. A SPECIAL MEETING OF THE CHICAGO CITY COUNCIL WAS CALLED FOR TODAY WHICH REQUIRED HIS PRESENCE AND PARTICIPATION. WE WILL ENTER MAYOR SAWYER'S WRITTEN TESTIMONY, ON BEHALF OF THE LEAGUE OF CITIES AND THE CITY OF CHICAGO, IN THE RECORD.

THIS IS THE FOURTH IN A SERIES OF HEARINGS HELD BY THE SUBCOMMITTEE TO LOOK INTO THE WHOLE QUESTION OF HOW WE CAN IMPROVE THE FEDERAL GOVERNMENT'S EFFORTS TO EDUCATE, TRAIN AND IMPROVE EMPLOYMENT OPPORTUNITIES FOR THE NATION'S DISADVANTAGED YOUTH AND YOUNG ADULTS, ESPECIALLY MINORITY AND LOW-INCOME YOUNG PEOPLE IN OUR SOCIETY.

IF ONE THING IS CLEAR IN ALL OF THE ON-GOING DEBATE ABOUT THE NUMBER AND KIND OF JOBS BEING CREATED AND THE SKILL-LEVEL NEEDS OF THE AMERICAN WORKFORCE IN THE YEAR 2000, THE FOLLOWING DESERVES REPEATING:

* TODAY, 14% OF ALL ADULTS IN THE UNITED STATES -- AND 20% OF YOUTH UNDER 17 -- ARE MEMBERS OF THESE GROUPS, BY THE YEAR 2000, ONE-THIRD OF ALL SCHOOL AGE CHILDREN WILL BE BLACK AMERICANS, HISPANIC AMERICANS, NATIVE OR ASIAN AMERICANS.

* ALREADY, IN 25 OF THE NATIONS LARGEST 26 SCHOOL DISTRICTS, A MAJORITY OR MORE OF THE PUBLIC SCHOOL STUDENTS ARE MEMBERS OF MINORITY GROUPS. BY THE YEAR 2000, ALMOST 42% OF ALL PUBLIC SCHOOL STUDENTS WILL BE MINORITY CHILDREN OR CHILDREN IN POVERTY!

- * BETWEEN 1985 AND THE YEAR 2000, MINORITY WORKERS WILL MAKE UP ONE-THIRD OF THE NET ADDITONS TO THE U.S. LABOR FORCE, B THE TURN OF THE CENTURY, 21.8 MILLION OF THE 140.4 MILLION PEOPLE IN THE LABOR FORCE WILL BE NON-WHITE.

- * BLACKS, HISPANICS, ASIANS AND OTHER RACES WILL ACCOUNT FOR ROUGHLY 57% OF THE LABOR FORCE GROWTH FROM 1986 TO THE YEAR 2000. IF WHITE WOMEN ARE INCLUDED, THE MINORITY AND FEMALE SHARE OF THE WORK FORCE GROWTH WILL EXCEED 80%.

IN THE SIMPLEST TERMS, OUR ECONOMY IS FACING TWO HUMAN RESOURCE TRENDLINES -- THE **SUPPLY** OF UNSKILLED AND UNEDUCATED LABOR IS **INCREASING**, WHILE THE **DEMAND** FOR **UNSKILLED LABOR** IS **DECLINING**. BY THE YEAR 2000, EMPLOYMENT IN PROFESSIONAL AND MANAGERIAL JOBS WILL INCREASE BY 5.2 MILLION, WHILE LABORER POSITIONS WILL GROW BY ONLY 1.3 MILLION JOBS. ONLY 10% OF THE NEW JOBS CREATED WILL BE IN MANUFACTURING -- THE REST WILL BE IN THE SERVICE SECTOR.

THE SEPTEMBER 19, 1988 Business Week FEATURES AN EXCELLENT SERIES OF ARTICLES UNDER THE TITLE "HUMAN CAPITAL." INCLUDED IN THE SERIES OF ARTICLES IS ONE CALLED "Where The Jobs Are Is Where The Skills Aren't," WHICH MAKES THE POINT THAT WE ARE FACING A "MISMATCH" BETWEEN THE SKILL-LEVELS OF OUR FUTURE WORKFORCE AND THOSE WHO WILL MAKE UP THAT WORKFORCE. IASK UNANIMOUS CONSENT THAT THAT PORTION OF THE Business Week ARTICLE BE PRINTED IN THE RECORD AT THE CONCLUSION OF MY STATEMENT.

WE MUST ACT AND ACT NOW TO ADDRESS THE INCREASING EDUCATION AND TRAINING NEEDS OF `OUT-OF SCHOOL' YOUTH AND THOSE WHO GRADUATE FROM HIGH SCHOOL UNABLE OR UNPREPARED TO ENTER THE WORKFORCE. TITLE II OF THE JOB TRAINING PARTNERSHIP ACT AND THE VOCATIONAL EDUCATION ACT ARE TWO OF OUR PRINCIPAL WEAPONS IN REACHING "THE FORGOTTEN HALF" AND UNEMPLOYED YOUTH.

WHILE I SHARE THE GENERALLY HELD VIEW THAT IN ORDER FOR THE JTPA PROGRAM TO REMAIN SUCCESSFUL, IT IS CRITICAL THAT THE CONGRESS NOT SUBJECT IT TO MULTIPLE-YEAR REAUTHORIZATIONS OR TO ANNUAL MODIFICATIONS. NO MATTER HOW WELL MOTIVATED OR WELL-INTENDED THE CHANGES, PRESERVING THE STABILITY OF THESE PROGRAMS IS CRITICAL -- IF THEY ARE TO WORK WELL. THAT HOWEVER, DOES NOT MEAN, THAT THE CONGRESS, AND THOSE INVOLVED IN THE IMPLEMENTATION OF JTPA, SHOULD NOT REGULARLY REVIEW AND MAKE NEEDED MODIFICATIONS IN THE PROGRAM. THE TIME FOR REVIEW OF THE PROGRAM IS HERE, AND THE NEED TO MAKE NECESSARY CHANGES IS NOW.

THE ABT STUDY "AN ASSESSMENT OF FUNDING ALLOCATION UNDER THE JOB TRAINING PARTNERSHIP ACT;" THE NATIONAL COMMISSION FOR EMPLOYMENT POLICY REPORT "WHO IS SERVED IN JTPA PROGRAMS: PATTERNS OF PARTICIPATION AND INTERGROUP EQUITY;" THE GAO REPORT "JOB TRAINING PARTNERSIP ACT -- SUMMER YOUTH PROGRAMS INCREASE EMPHASIS ON EDUCATION;" THE U.S. DEPARTMENT OF LABOR OFFICE OF

AUDIT'S AUDIT "JTPA PARTICIPANT TRAINING AND SERVICES" (REPORT I -- PARTICIPANT TRAINING AND EMPLOYMENT); THE HUDSON INSTITUTE'S "WORKFORCE 2000 -- WORK AND WORKERS FOR THE TWENTY-FIRST CENTURY; THE COMMISSION ON WORK FAMILY AND CITIZENSHIP'S REPORT "THE FORGOTTEN HALF: NON-COLLEGE YOUTH IN AMERICA;" AND THE COMMISSION ON MINORITY PARTICIPATION IN EDUCATION AND AMERICAN LIFE'S "ONE-THIRD OF A NATION" HAVE ALL DOCUMENTED VARIOUS SHORTCOMINGS IN THE EXISTING PROGRAM AND MADE VARIOUS RECOMMENDATIONS FOR STRENGTHENING THE PROGRAM AND BETTER TARGETTING LIMITED FEDERAL RESOURCES ON `THE TRULY DISADVANTAGED.'

PERHAPS THE MOST CRITICAL PUBLIC POLICY ISSUE WE FACE IS THE QUESTION OF WHO IS CURRENTLY BEING SERVED AND HOW BEST TO TARGET TITLE IIA AND B RESOURCES ON THE NEEDIEST WITHIN THE ELIGIBLE POPULATION. **SINCE THIS POPULATION IS LARGE AND COSTS MORE TO SERVE, A STABLE APPROPRIATION FOR TITLE II WILL NOT CONTRIBUTE TO SOLVING THE PROBLEM. A QUICK FIX OR CHEAP SHORT CUT WILL PROVIDE NO SOLUTION TO THE WORKFORCE PROBLEMS THE NATION WILL FACE IN THE YEAR 2000.**

TITLES IIA AND IIB UTILIZE A FORMULA THAT APPEARS TO DO A POOR JOB OF TARGETTING FUNDS ON LARGE, URBAN CENTERS -- WHERE THE LARGEST NUMBERS OF ELIGIBLE, LOW INCOME YOUTH RESIDE. THE THREE-FACTOR FORMULA, DEVELOPED AS A COMPROMISE BETWEEN THE HOUSE AND SENATE BILLS IN 1982, APPEARS TO HAVE BEEN ADOPTED BECAUSE OF DATA LIMITATIONS AND POLITICAL CONSIDERATIONS, RATHER THAN SOUND PUBLIC POLICY REASONS. THE CURRENT FORMULA SOUGHT TO ACCOMPLISH SEVERAL OBJECTIVES: (1) MINIMIZE THE SHIFTING OF FUNDS AMONG STATES FROM THE OLD CETA FORMULA TO THE NEW JTPA FORMULA; (2) FOLLOW CONGRESSIONAL INTENT BY TARGETING FUNDS ON ECONOMICALLY DISTRESSED AREAS WITH HIGH LEVELS OF UNEMPLOYMENT, BUT WITH ONLY LIMITED FOCUS ON THE ECONOMICALLY DISADVANTAGED; AND (3) MAINTAIN A LEVEL OF SIMPLICITY BY HAVING ONLY ONE FORMULA FOR BOTH TITLES IIA AND IIB.

I HAVE INCLUDED THREE MAJOR RECOMMENDATIONS IN THE DRAFT LEGISLATION WE WILL RECEIVE TESTIMONY ON TODAY: (1) A FORMULA CHANGE TO IMPROVE THE TARGETING OF TITLE II FUNDING ON THE ECONOMICALLY DISADVANTAGED, BY GIVING 50% WEIGHT TO THE ECOMICALLY DISADVANTAGED FACTOR; (2) A MODIFICATION IN THE MAKE-UP OF THE PRIVATE INDUSTRY COUNCIL BY REQUIRING THAT LABOR ORGANIZATIONS AND UNORGANIZED WORKERS, AND THE PUBLIC SECTOR, INCLUDING ELECTED OFFICIALS BE MORE ADQUATELY REPRESENTED; AND (3) THE CREATION OF A NEW "CHALLENGE GRANT" PROGRAM TO FUND INNOVATIVE PUBLIC-PRIVATE PARTNERSHIPS WHICH HELP REDUCE YOUTH UNEMPLOYMENT.

BECAUSE OF THE SIGNIFICANCE OF THE CHANGES I AM PROPOSING, I INTEND TO CONSULT WITH A BROAD CROSS-SECTION OF THOSE IN THE PRIVATE SECTOR AND THOSE INVOLVED IN PROGRAM ADMINISTRATION AT THE STATE AND LOCAL LEVELS -- PIC MEMBERS, SDA EXECUTIVES, LABOR

UNIONS AND WORKERS, EDUCATORS AND TRAINING OFFICERS, AND ELECTED OFFICIALS. AFTER MAKING SOME MODIFICATIONS IN THE DRAFT BILL I CIRCULATED TO SOME FIFTY ORGANIZATIONS IN THE EMPLOYMENT AND TRAINING COMMUNITY, I WILL INTRODUCE A BILL WHICH I HOPE WILL BE THE SUBJECT OF FURTHER DISCUSSION AND COMMENT DURING THE UPCOMING PERIOD BETWEEN THE 100TH AND 101ST CONGRESSES. EARLY NEXT YEAR, I WILL INTRODUCE A REVISED BILL AND HOLD FURTHER HEARINGS. I HOPE THE SUBCOMMITTEE WILL ACT EARLY NEXT YEAR TO AMEND THE JOB TRAINING PARTNERSHIP ACT.

I WANT TO INCLUDE IN THE RECORD EACH OF THE LETTERS I HAVE RECEIVED ON THE DRAFT BILL, AND A CHART PREPARED BY THE SUBCOMMITTEE STAFF, SUMMARIZING THE RECOMMENDATIONS FOR CHANGE ON A NUMBER OF KEY ISSUES.

WHERE THE JOBS ARE IS WHERE THE SKILLS AREN'T

As work becomes more knowledge-intensive, employers are fishing in a shrinking labor pool

In a dynamic economy there is always a gap between job demands and worker skills. Through most of its history, the U.S. has managed to keep that gap small. But not anymore. The nation is facing a monumental mismatch between jobs and the ability of Americans to do them.

Unless the U.S. invests more to close this human capital deficit, the economy will be shunted onto a lower growth track. The drive to improve technology and productivity could founder on a shortage of competent workers. There will be a social price, too. Lower-skilled minorities will find it harder than ever to land good jobs. The earnings differential that already is growing between the top and bottom halves of the work force could get even larger. The nation could become further polarized between skilled and unskilled workers.

NEW YARDSTICK. Three forces are combining to produce the leap in the skills the economy will require. First, technology is upgrading the work required in most jobs. The modern workplace needs people with high reading and math capabilities, so millions of jobs go unfilled while the army of the unskilled remains unemployed.

Second, job growth will be fast mainly in high-skill occupations. Most of these jobs will be in the service sector. This kind of work now requires knowledge that wasn't necessary 20 years ago.

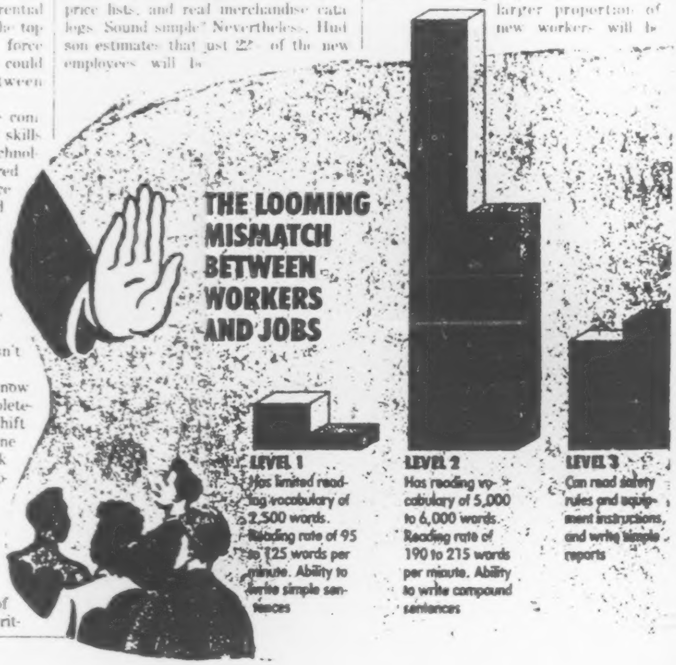
Finally, the way in which work now is being organized requires a completely new set of skills. As companies shift from the old models of assembly-line production to Japanese-style work teams, employees will have to sharpen their abilities to communicate.

A detailed look at how new workers will match up against new jobs between now and the year 2000 tells the story (chart). The Labor Dept. has devised a method for measuring, on a scale of one to six, the levels of reading, writing, and vocabulary needed to perform a wide range of jobs. The Hudson Institute, an economic think tank, has matched the new jobs that the economy will create against these scales. Here is what they found.

More than three-quarters of the nation's new workers will have limited verbal and writing skills (Levels 1 and 2). But they will be competing for only 40% of the new jobs. Most new jobs will require workers who have solid reading and writing skills, but fewer than one in four new employees will be able to function at the needed levels. Retail sales, for example, will be among the occupations providing the most new jobs. To fill those jobs, most retail employees will have to function at Level Three. They will have to write up orders, compute price lists, and read merchandise catalogs. Sound simple? Nevertheless, Hudson estimates that just 22% of the new employees will be able to function at Level Three or better.

For jobs in nursing or management, the educational ante is higher. Most of these jobs, which often require more than a high school education, need skills at Level Four or above: an ability to read journals and manuals, write reports, and understand complex terminology. Just 5% of the new employees will be able to do that.

DAUNTING TASK. As many as 50 million workers may have to be trained or retrained in the next 12 years: 21 million new entrants and 30 million current workers. The most daunting task ahead is to educate and train the young work force entrants. The decline in the number of 21- to 25-year-olds means that employers now must dig deeper into the barrel of the poorly educated. And a larger proportion of new workers will be



CHARTS BY RAY VELLA/BW

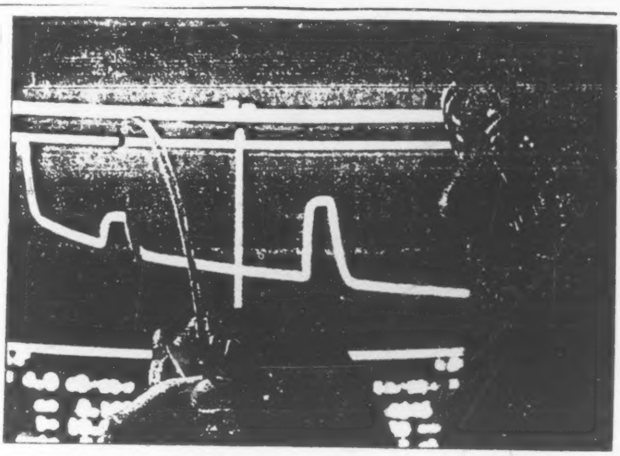
[illegible] have less education and fewer skills than [illegible]

[illegible]

[illegible] Last year, [illegible] New York Telephone Co. had to test some [illegible] applicants, most of whom were minorities, to hire 3,000 people. "There are lots of people who still want jobs, but they're [illegible] who aren't qualified," says Howard Harana, New York Telephone's director of employment.

People who already are working will need massive retraining to keep pace with changing job requirements. They are the [illegible] millions who will need more math and science to operate computers and robots on the assembly lines or better reading and writing skills to keep up in the office.

True, many companies are using technology to replace workers. But those employees who stay on the job generally must improve their skills. For instance, New York Telephone has used new technology to help shrink its work force, which now numbers about 50,000, compared with 100,000 in the early 1970s. Nonetheless, the company has been forced to increase its in-house training rapidly to upgrade the skills of its remaining workers. NYT has four technology-learning centers where employees are taught to operate the handheld computers that telephone repairers use to keep track of orders. One five-day course retrains skilled splicing technicians who install overhead telephone cable. "Before, they handled 100-pound wire that was 3 inches in diameter," says Ray Bucaria, New York Telephone's director of training. "Now they must learn to use fiber optics, which makes splicing very delicate. It's more like a brain surgeon, almost."



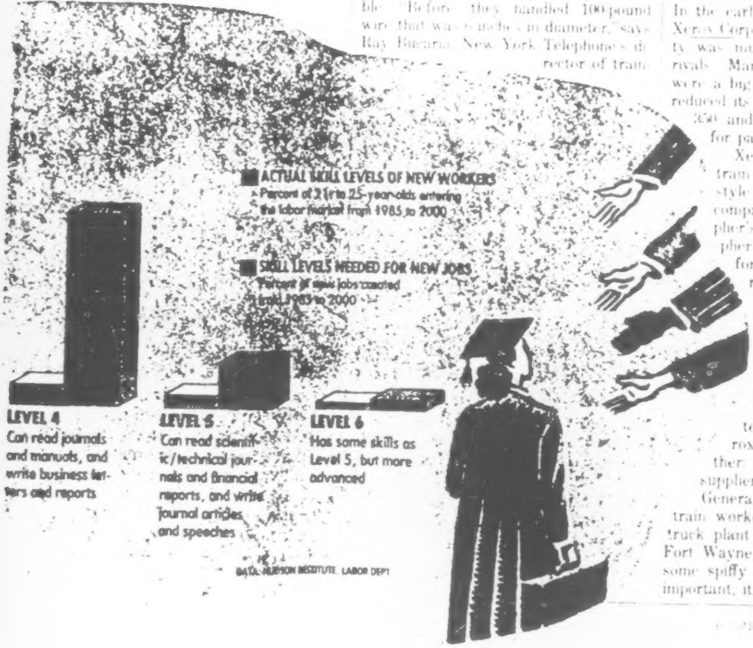
TIME TO REWIRE

As New York Telephone switches to fiber optics, it's rushing to retrain workers—proof that the skills gap affects longtime employees as well as recruits

A growing number of companies go so far as to train the employees of their suppliers. In the early 1980s, Xerox Corp. found that its product quality was much poorer than that of its rivals. Management decided suppliers were a big part of the problem. Xerox reduced its 3,000-odd suppliers to about 350 and raised tolerance standards for parts it buys from them.

Xerox then began a program to train its suppliers in Japanese-style quality control. Typically, a company employee trains the supplier's management, and the supplier then trains its own work force in the new methods. Xerox initially will train about 100 of its 350 suppliers, at an estimated cost of $1.5 million. "Training suppliers has become a permanent part of the way we do business," declares Robert Fletcher, who manages material quality assurance at Xerox. Motorola Inc. goes further. It even trains its suppliers' suppliers' work forces.

General Motors Corp. had to retrain workers when it opened a new truck plant a year and a half ago in Fort Wayne, Ind. The plant does have some spiffy new technology. But more important, it has a new team-production



DATA: HUDSON INSTITUTE, LABOR DEPT.

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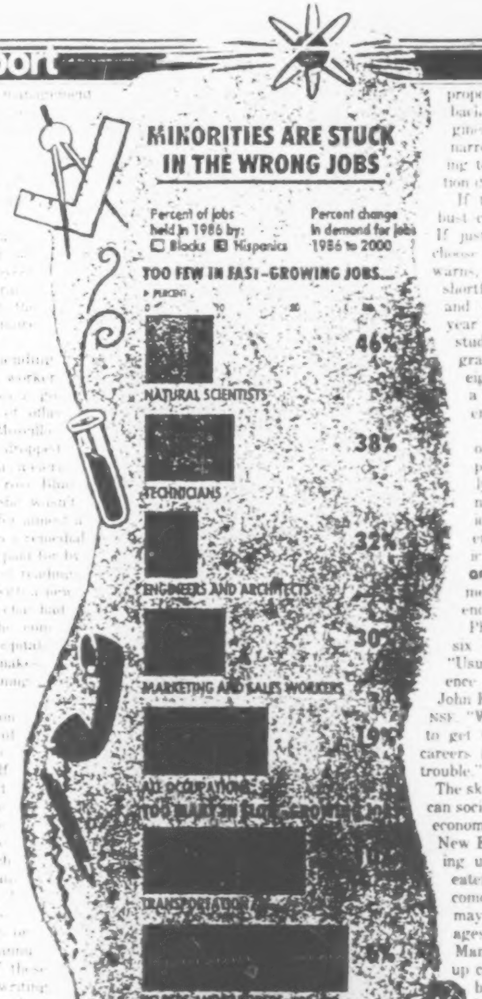
system. Both workers and management had to go through intensive training in group dynamics and problem-solving to increase manufacturing productivity.

"Our people never heard of this until a few years ago," says Don Davis, the [illegible] head of a GM-UAW joint training program in Detroit. [illegible] Fort Wayne's 3,000 employees took 1.9 million hours of training, including time to learn the new technology. That's more than 633 hours per worker.

Companies are now spending some $30 billion a year on worker training. A lot of that money is going to upgrade the skills of other workers. Take Mary Ann Moscillo. After her father died, she dropped out of school at 16 to work as a clerk in the mail room at Blue Cross/Blue Shield of Massachusetts. She wasn't able to advance on the job for almost a decade. Then she enrolled in a remedial education program run and paid for by Blue Cross, and she learned reading, math, and history. Armed with a new high school diploma, Moscillo has had three promotions. Now she compares claims made by hospitals with payments Blue Cross makes to them, finding and explaining variances between the two.

BABY BUST. The churning economy is generating millions of displaced workers. They account for more than one-half of the people already at work who will need retraining by 2000. Throughout the 1980s, some 2.3 million workers have been displaced each year, according to the Bureau of Labor Statistics. Roughly [illegible] million long-term workers—those on the job three years or more—have been displaced annually. Approximately 30% of these lack basic skills—reading, writing, and arithmetic. Consequently, a third never found new jobs at all. Others found work but at substantially lower pay.

Elite workers, as well, could be in short supply. Because of demographic trends, the U.S. is facing a long-term shortage of scientists and engineers. The number of both has climbed steadily in the past two decades, but only because the baby boom brought many young people into the labor force. The percentage of students who choose these fields has actually remained constant: In the past 30 years, the proportion of 22-year-olds acquiring bachelors' degrees in science and engineering has remained within a narrow band of 3.7% to 4.3%, according to the National Science Foundation (NSF).



If this trend continues, the baby bust could cause growing shortages. If just 4% of students continue to choose science or engineering, the NSF warns, there could be a cumulative shortfall of more than 400,000 science and engineering BAs through the year 2000. Half of all engineering students at the graduate and postgraduate levels already are foreigners. And this country is facing a shortage of 27,000 PhDs by the end of the century.

Economists are quick to point out that in these relatively high-paying fields, shortages are likely to push up salaries and attract more people. But there's little evidence that previous shortages enticed more students to scientific fields.

GROWING GAP. In addition, market mechanisms may not work quickly enough to remedy shortfalls of PhDs, who require an additional six to eight years of schooling. "Usually the decision to enter science is made in high school," says John H. Moore, deputy director of the NSF. "We need to do something today to get teens thinking seriously about careers in these fields—or we'll be in trouble."

The skills gap poses a threat to American society that goes beyond simply the economy. Currently, labor shortages in New England and elsewhere are driving up wages for jobs in fast-food eateries. If new workers don't become better qualified, this situation may change drastically as shortages move up the skills ladder. Many new job-seekers could wind up competing for a dwindling number of low-skilled jobs, while higher-skilled jobs go begging for want of qualified workers.

That would drive down wages for low-skilled workers, who can least afford it, and raise wages for skilled empoyees, who are already better paid. The social consequences of this are clear. Warns Irwin S. Kirsch, a researcher at Educational Testing Service in Princeton, N. J.: "If we don't boost the skills of the bottom ranks of the work force, we'll have an even more divided society than we do now."

By Aaron Bernstein in New York and bureau reports

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COMMENTS ON THE SIMON DRAFT BILL

NAME	FORMULA CHANGE			CHALLENGE GRANT-IIC		PIC CHANGE			ADDITIONAL COMMENTS
	OPPOSE	SUPPORT	IMPACT CONCERN	OPPOSE	SUPPORT	OPPOSE	SUPPORT	MODIFY PIC %	
Dwyer/ Indiana Partners			*		*				-Create state/regional entity to manage IIC program & give grants to localities developing partnerships.
Sullivan/ OICS		*					*	*	-Modify PICs to include 25% labor and CBO's. -Increase representation from local governments.
National Commission for Employment Policy	*				*	*		*	-SUPP-more local agency rep on PICS. -OPP- including 14 & 15 year olds. -Suggest 2% set-aside for experimental programs to target hard to serve.
Levitan G.W. Univ		*							-Wants all SDA to test for reading & math. -Belives training period is way too short.
Butler/ Brandeis		*			*		*		-Designate lead agency in IIC to disburse funds or operate partnerships.

NAME	FORMULA CHANGE			CHALLENGE GRANT-IIC		PIC CHANGE			ADDITIONAL COMMENTS
	OPPOSE	SUPPORT	IMPACT CONCERN	OPPOSE	SUPPORT	OPPOSE	SUPPORT	MODIFY PIC %	
DeWeaver/ Indian Coalition					*				-Wants Native Americans to be eligible to receive partnership grant under IIC.
Manpower Demonstration Research Corp. (MDRC)			*		*				-OPP-increase 10% window for non-economically disadvantaged youth to be eligible for services
Wenzler Johnson& Johnson		*				*		*	-Concern over PIC composition change.
Howe/ William T. Grant Foundation		*			*				-Suggest 85% funds in IIC for 14-21 yrs. Increase services to most disadvantaged youth with 8% increase in discretionary funds.
Kolberg NAB		*				*		*	-No change in PIC. -SUPP change census age -OPP increase 10% window -Suggests putting IIC in Title IV
ABT Associates		*			*				-Use census data from CPS
CEDA Cook Co.		*			*		*	*	-OPP increase 10% window -Interns in private sector under IIB.

NAME	FORMULA CHANGE			CHALLENGE GRANT-IIC		PIC CHANGE			ADDITIONAL COMMENTS
	OPPOSE	SUPPORT	IMPACT CONCERN	OPPOSE	SUPPORT	OPPOSE	SUPPORT	MODIFY PIC %	
Brown/ 70,001		*			*		*		-IIC should emphasize H.S. dropout programs
Children's Defense Fund		*			*		*		-Summer Youth Program should remain a summer program. -IIC should be more focused on disadvantaged youth.
PIC/ S. Florida		*			*	*			-Create 10% window in IIB -Emphasize counseling in IIc.
White Ohio State Senate		*			*				-In IIC wants to add that 80% should remain employed for 1 yr. 50% should be the hardest to place - AFDC recipients.
Field/ National Conference of State Legislatures (NCSL)									-Wants to replace "Govenor" with "State" for responsibility in administrating program.

NAME	FORMULA CHANGE			CHALLENGE GRANT-IIC		PIC CHANGE			ADDITIONAL COMMENTS
	OPPOSE	SUPPORT	IMPACT CONCERN	OPPOSE	SUPPORT	OPPOSE	SUPPORT	MODIFY PIC %	
National Ass'n of Counties (NACo)			*		*	*			-Wants more info on state impact of formula change
Shirley Downs/ New York		*			*			*	-SUPP-census age 14-65 -Wants more synthesis between education and employment programs.
Whittaker Chicago Area Project (CAP)		*			*		*	*	-Wants to increase Summer Youth funds by $500 million. -Wants more local small business rep in PICs. -Wants change in matching funds program in IIC IIC Federal match - 100% in 1st yr, then 80%, 60% 40%. -Exclude military and college students from JTPA.
Delligatte Oyster Bay New York		*							
Selton/ PIPE Seattle Washington		*			*				

NAME	FORMULA CHANGE OPPOSE	 SUPPORT	 IMPACT CONCERN	CHALLENGE GRANT-IIC OPPOSE	 SUPPORT	PIC CHANGE OPPOSE	 SUPPORT	 MODIFY PIC %	ADDITIONAL COMMENTS
Linch/ Womens ORT		*							-Target hardcore unemployed-AFDC
Feuerfeil/ Washington County Minnesota		*							-Need more funding stability in the formula.
Arnett/ PIC Carlinville Illinois	*								-Formula Change favors economically disavantaged and urban areas. -SUPP-10% window increase
Hedges/ IL Department of Commerce and Community Affairs			*						-Consern re: IL funding impact. -OPP-inclusion of college students in census data.
AFL-CIO			*					*	-OPP-10% window increase -OPP-age change 16 to 14 -OPP-matching requirement in IIC -Priority in IIC should be those who have not received Title II grants

Senator SIMON. Our first witness is the Honorable Roberts T. Jones, who is Assistant Secretary for Employment and Training. I do not believe you have testified before any subcommittee here yet since your official position.

Mr. JONES. This is the first one.

Senator SIMON. This is the first one. Well, we will try and give you a rough time so you can get a good inauguration here. [Laughter.]

Well, Mr. Secretary, we welcome you to the Hill, and we welcome you in your new position. We look forward to having your testimony.

STATEMENT OF HON. ROBERTS T. JONES, ASSISTANT SECRETARY FOR EMPLOYMENT AND TRAINING, DEPARTMENT OF LABOR, WASHINGTON, DC, ACCOMPANIED BY PATRICIA McNEIL, ADMINISTRATOR, AND RAY UHALDE, DEPUTY ADMINISTRATOR, OFFICE OF STRATEGIC PLANNING AND POLICY DEVELOPMENT

Mr. JONES. Thank you very much, Mr. Chairman. We will simply summarize some of the points that are in our testimony that has been submitted.

Senator SIMON. Let me just say your full statement will be entered in the record, as well as the statements of the other witnesses. And let me add to the other witnesses also, if you can, condense your statement into about five minutes, and I will keep the five-minute clock going so we can move along so we do not end up denying some witnesses a chance to appear.

Mr. JONES. Thank you, Mr. Chairman. I am also accompanied today by Ms. Patricia McNeil, who is the Administrator of our Office of Policy; and Mr. Ray Uhalde, who is the Deputy Administrator. One of your questions that has been raised in this hearing deals with formulas, and these folks are quite the experts to deal with that issue.

We are pleased, once again, to join with you in this discussion that deals with at-risk youth. Earlier, Secretary McLaughlin and I spent some time with you outlining the proposals that we had made to deal with chronic unemployment and overcoming the barriers that these young people face.

We have summarized in our testimony the basic points that we think are very important if we are deal particularly with the issues that you just raised: creaming, and particularly the out-of-school group of young people. Those points that we thought were most important were to design programs, and in the model we put forward to utilize the summer youth employment money to create an intensive learning environment that provided a combination of several things; individualized, competency-based instruction; a functional approach to learning which would relate to basic reading, writing and analytical skills; a support network of mentors and advocates, with parental involvement; a holistic approach, involving business partnerships and integrated services so that there was maximum involvement of the job market; some accountability, some standards for achievement; and the teaching of self-worth, personal responsibility and esteem is very much a part of the system.

Those principles are at the heart of the At-Risk Youth Employment and Training Amendments of 1988 that we had submitted to the Congress and to this committee. We are pleased that you and Senator Quayle had expressed some interest in the proposal in our June hearing and are hopeful that it will be favorably considered by this subcommittee. We believe the proposal will allow us to better target JTPA services, specifically on the groups that you have mentioned.

Before turning to the draft proposal, I would like to say just a couple of words about a broader subject which encompasses the issues you have raised. That is what we refer to as a recently appointed JTPA Advisory Committee, which we appointed in July. The committee was established, Mr. Chairman, on a very broad-based spectrum to go past the election, to look at the entire JTPA system, and against some of the questions that you and others have raised: specifically who that program should be serving and how the resources should be allocated; what services should be provided and how the quality of services can be improved; and how the management tools in the program can be significantly enhanced; how can JTPA be coordinated more closely with other non-JTPA services and the broader partnerships that are developing.

The Department has also published a white paper in the Federal Register addressing in some detail each of these issues and raised questions for public comment. In addition, the Department's regional offices are holding a series of meetings all over the country, in every State, hopefully every interest group, local areas, to submit their comments to such a system.

The Advisory Committee will prepare a report that will be sent to the Department late in January some time. It will be shared with the Congress and officials of the new administration in hopes of framing some new groundwork and directions for those issues. Then, it will continue its work to work with everyone in flushing those things out.

I would like to turn just for a moment to the legislative proposal, particularly in the statements that you have made and intend to address in the Congress. The draft bill would modify, for one thing, the composition of the current JTPA Private Industry Councils. While there may be some issues there to be address—there always are in any advisory committee in terms of group representation—we do not believe that changes should be made in the composition of the Private Industry Council. We think, Mr. Chairman, that that is a very important balance in local communities between business and labor and education groups, and that every community at the local level, particularly, is quite diverse. And to standardize group representation where in local communities it may not exist can be very detrimental to the system. We would urge that no changes be made in that at this point in time.

Secondly, the proposal would change the current II-A and II-B formula, to increase the share of funds allocated to States based on relative share of economically disadvantaged.

We laud you for moving in the directions that we, in fact, have proposed. You have increased the economically disadvantages to 50 percent. We would like to see it even further closed to a hundred percent. It is unclear what we should do with the Title II-A formula at this point in time. I think that issue needs to be addressed more in terms of who we think we ought to be serving in that entire system.

Lastly, the proposal would increase to 15 percent the portion of II-A participants eligible for services who are not economically disadvantaged. We would urge some caution, Mr. Chairman. We still have a long way to go in serving the economically disadvantaged members of our society, and we would not like to dilute that. You did indicate some interest in 14- and 15-year-olds. We think that is a valid issue that we would like to join with you in looking at that needs some attention.

You have some challenge grants also in there. We think the issues that your challenge grants poach are already well under way in demonstration and in research projects across the country and in the States. Very valid issues, but we do not think a new system is necessary in order to enhance that at this time.

We appreciate the opportunity to be here, and we would be happy to answer any questions that you might have.

Senator SIMON. Thank you, Mr. Secretary.

You have been on the job how long now?

Mr. JONES. Well, I have been on my job about three, four months, but I have been in the Department for 17 years.

Senator SIMON. But being in the Department is a little bit different than being where you are right now.

Mr. JONES. It surely is.

Senator SIMON. You have had a chance in that time to take a look, to kind of step back and say: Where are we? What should we be doing? Forgetting all the proposals that have been made, what do we need to do to strengthen JTPA, to really serve people who need to be served?

Mr. JONES. Both the Congress and the administration——

Senator SIMON. Congress and the administration.

Mr. JONES [continuing]. Need to join together in a linked statement of three things. We cannot politically just talk about who should be served. We need to talk about who should be served; what you want by way of outcomes; put them in jobs. We need to establish standards just like we are talking about for the education system and everything in this country. We need to link that to specified services that get us there, and we need to recognize that that costs money. We cannot do it for $500 a person any more than the public school system can do that.

We have programs today that range in our system from a couple hundred dollars per person to $16,000 in the Job Corps. Basically, the whole system at this point in our history has matured to the point of knowing what works. We know what it takes to do it, and we need to get to a point where we can legislate the basic principles of that and be willing to pay for it, but only against one standard; that is, to move people to economic sufficiency. You cannot just process them through programs and hope something good will happen. We have to establish a standard, and we have to be willing to invest in that standard. And today, I think the whole system largely would agree on the elements of what it takes to get people there. But we have to be willing to set that as our goal.

Senator SIMON. And when you say we have to be willing to invest, if I were now chairman of the Appropriations Committee—and obviously I am not—what kind of an investment are we talking about?

Mr. JONES. I suspect on a per-person basis that our costs, if we were to put the model in place that we all would propose—and, in fact, the one we proposed in this legislation—it is going to begin to run you on an average annual basis of five and six thousand dollars a slot to successfully move people through that kind of system. Then, the next question is how much from a budget standpoint can you afford. Under our current budget constraints, that means we would serve a lot less people. So if you want to serve the same number, I do not know. It is going to take a substantial amount.

Senator SIMON. Yes, and if we were to reach out to the universe—and this is not going to happen—what kind of an increase in dollars are we talking about?

Mr. JONES. I do not know; we would have to compute it, though we could do that fairly quickly for you and tell you what that would come to.

Senator SIMON. I would be interested in doing that and doing that for the record. In fact, if we made—and to use the right word, "invest"—if we made this investment, five years from now it would be a tremendous savings to the Nation; is that correct?

Mr. JONES. Yes, indeed, it would. Two things that were mentioned in the earlier hearing, in this one and in your amendments. We think the combination of investing in the right kind of model and targeting those funds correctly in the country, which your proposals move towards, but we think that is a paramount part of it. If you do not do that, you will be putting additional resources in the wrong places. You have to do both of those together. By doing them both together, it will not cost us as much as it might otherwise.

It is interesting, and we will share that, too, that the total number of at-risk youth in this country is not by itself a large mathematical number, but they are in certain places. And over these years, we have never targeted the funds to where they are, and we have not been willing to admit that there is a model of services that costs some dollars. We keep trying to do it just on a who-you-serve basis. We cannot do that, Mr. Chairman.

Senator SIMON. If I may, specifically on the suggestion that we have more labor representation—and I do not mean any disrespect to my friends in labor who may be here—but there is a problem. We have to pull these young people in who are not part of the system, as you know and I know. Sometimes in labor unions, as in businesses, you know, if you are the son of the fellow who owns the shoe store, you get the shoe store. And if your father is in the union, you have a chance to get in the union. We need to expand that universe. And I think one of the things that bringing more labor representation into the PIC Council can do is to see that that universe gets expanded. You disagree with our——

Mr. JONES. Yes, sir. I think that is a valid issue. Certainly, that would help unions probably broaden their view of who ought to be coming into their systems. That works quite well, I would add, in the Job Corps; unions are very much involved in the Job Corps system throughout the country. And the people that they train come through the system and do quite well.

The problem is a different one, I think. You have to remember at the local level now, not at the State level, where we have already agreed to increase union representation. But at the local level, we are dealing with 632 organizations throughout the country, and probably only a commensurate 80 percent of those are in areas with heavy duty labor representation. And I do not think you want to set 25 percent of councils as labor members in communities where that, in fact, is not the labor market behavior that is taking place. It would have, in fact, then exactly the opposite effect. You would drive a lot of people away from the program that I think probably you would not want to do. It is too variable.

There may be even communities, Mr. Chairman, where it ought to be higher than 25 percent. But there is a tremendous number where that would not be an appropriate number, and it would disrupt the very productive balance that has occurred in these Private Industry Councils.

Senator SIMON. I believe you agree that there is an under-representation of labor unions now in the PIC Council?

Mr. JONES. In some areas. I would not agree across the board, again, because the majority of those councils are in areas where there is little or no labor participation. But at the State level, we agreed because of the broader base you are dealing with, and certainly in some communities I would agree.

Senator SIMON. Nothing is written in stone at this point. We wanted to do something that is practical, but I think we also want to meet a need that is not being met right now as effectively as it should be.

Mr. JONES. As I indicate in my testimony, as a part of this process we have put in place, there are a number of these issues where we will be making recommendations. The Advisory Committee will be making recommendations of directional changes. I would think there are probably other issues there besides just the labor issue. But whatever else goes on in our dialogue, it is my view—and I think that is shared by many other people—that one of the successful parts of the Job Training Partnership, outside of our political debates or whatever, has been the PIC and the partnership it created, which has allowed one of your major issues to come to pass. Education is now coming in and other parts of the system, welfare, are coming in there, and it is that successful PIC that is letting that happen. We ought to be sensitive about disrupting that balance that is there.

Senator SIMON. In fact, one of the things we ought to be talking about much more in our society is that kind of a working partnership. I guess my concern is that one of the partners is missing in too many cases. Somehow we ought to be able to structure a sensible balance here. I think this is not an issue that should be divided on party lines. If Senator Quayle, the ranking member, were here, I am sure he would agree, though I think these days he maybe is slightly more partisan than he has been in recent weeks. But I would hope we could work some things out.

I do have a number of other questions that I am going to submit in writing. I hate to let you off this easily your first time as a witness up here in your new position. But we do have some time constraints because of floor activity right now. But we thank you very, very much, Mr. Secretary, and we wish you the best in your new position.

Mr. JONES. Mr. Chairman, thank you very much. You may be assured we will continue to work with you. We appreciate the staff relationship that has existed between your committee and the Department.

Senator SIMON. Great. We will get the questions to you very shortly. If you can get them back to us as rapidly as possible, we we can move ahead on that. Thank you very, very much.

[The prepared statement of Mr. Jones, with an attachment, follows:]

STATEMENT OF
ROBERTS T. JONES
ASSISTANT SECRETARY OF LABOR
FOR EMPLOYMENT AND TRAINING
BEFORE THE
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

September 22, 1988

Mr. Chairman and Members of the Subcommittee:

I am pleased to have this opportunity to testify before you today on proposals to address the employment problems of at-risk youth, the Chairman's draft legislative proposal to amend Title II of the Job Training Partnership Act (JTPA) and the Department's comprehensive review of the JTPA program.

Secretary McLaughlin testified before this Subcommittee in June on the Administration's proposed "At-Risk Youth Employment and Training Amendments of 1988" and on the measures we believe need to be taken to assist youth at-risk of chronic unemployment in overcoming the barriers they face to successfully entering the workforce. I would like to briefly highlight some of the Secretary's remarks.

Based on extensive experience in both education and employment and training programs, we believe the following are ingredients that have most often contributed to successful youth programs:

- o An intensive learning environment that provides a combination of basic skills and job skills instruction.

- Individualized, competency-based instruction, with clearly defined standards of performance to be achieved, and feedback to the youth on achievement.
- A functional approach to learning which relates basic reading, writing and analytical skills to what is needed to get and keep a job.
- A support network of mentors and advocates, and parental involvement that can help youth address personal and family problems so that they can learn effectively.
- A holistic approach, involving a business partnership and integrated services to make the maximum use of available resources and services.
- Accountability for individual students and the institutions that serve them, with a determination of whether the programs are making a difference in the youth's employability.
- Teaching of self-worth and personal responsibility that will increase the likelihood of educational and job success.

The At-Risk Youth Employment and Training Amendments of 1988 are based on these principles. Our proposal, which was introduced as S. 2579 by Senator Quayle, focuses on youth who experience severe disadvantages in the labor market and thereby are "at risk" of long-term unemployment and dependency. These are youth ages 14-21 who are economically disadvantaged and have basic skill deficiencies. Typically, these youth also experience other severe disadvantages that greatly diminish their prospects for employment, such as having dropped out of school or having experienced social or behavioral problems. Many of the youths served will be black and Hispanic, as is the case with other JTPA youth programs. Currently, 43 percent of Title II-B participants are black and 21 percent are Hispanic.

The objective of the proposal is to improve the long-term employability of these youth, enabling them to make successful transitions from school to work. This will be accomplished by increasing the basic skill levels of at-risk youth, improving their socialization skills and behavior appropriate to school or work, and developing their basic occupational skills. Service Delivery Areas would be encouraged to base their services on the service strategies of demonstrated effectiveness that I mentioned. To encourage a holistic approach, the new program requires linkages with existing school services, community organizations, business and labor organizations, and other education and training institutions.

Our proposal aims to better serve at-risk youth under JTPA by expanding the range of assistance local Service Delivery Areas can provide under Title II-B. It would give Service Delivery Areas three options regarding the use of their Title-II B funds: (1) they could develop a new, enriched year-round component targeted to at-risk youth; (2) they could continue to carry out the traditional summer youth employment program; or (3) they could carry out some combination of the two. Giving Service Delivery Areas the choice of adopting the new at-risk youth component is in keeping with the overall JTPA philosophy of letting each State and local area set service priorities based on the needs and capacities of their specific population.

The at-risk youth proposal also would change the current Title II-B allocation formula in order to better target funds to economically disadvantaged youth. The current formula targets resources heavily to areas with high adult unemployment. The new formula would allocate funds based on the relative number of economically disadvantaged youth residing in each State and Service Delivery Area.

This is a nutshell is our proposal. We were pleased with the interest you and Senator Quayle expressed in the proposal at the June hearing, and are hopeful that it will be favorably considered by the Subcommittee. We believe the proposal will allow us to better target JTPA resources on severely disadvantaged youth, promote service strategies that have the best potential for improving their long-term employability, and provide more flexibility to JTPA Service Delivery Areas in using funds to address the needs of this population.

Mr. Chairman, before turning to your draft proposal, I would like to say a few words about our comprehensive JTPA Review. With the completion of five years of operational experience under JTPA, we felt that the program had matured sufficiently, with patterns of service and performance clearly enough established, that it would be timely to take stock of the experience to date and to analyze the basic policy issues which must be addressed in charting the future course of JTPA. Accordingly, a JTPA Advisory Committee was appointed in July, comprised of 38 representatives of the JTPA system, public interest groups, community organizations, business, labor, education, veterans, and the general public. The JTPA Advisory Committee is chaired by Marion Pines of Baltimore. The Committee is focusing on four sets of issues relating to JTPA.

- o Who should the program serve and how should resources be allocated;
- o What services should be provided and how can the quality of services by improved;
- o How can management tools used in the program be enhanced; and

- How can JTPA be coordinated more closely with non-JTPA services and should the public-private partnership under JTPA be broadened?

The Department of Labor has also published in the Federal Register a "white paper" addressing these same issues and has invited public comments on the issues. These comments are due to the Department on September 26. In addition, the Department's regional offices are holding a series of State and local meetings on these issues. The public comments and feedback from the regional meetings will be provided to the Advisory Committee, which will prepare a report that will be sent to the Department in January 1989. This report will be shared with the Congress and officials of the new Administration and it is hoped will be used to inform the discussion of any future changes to the JTPA legislation.

Mr. Chairman, now I would like to turn to your draft legislative proposal, the "Job Training Partnership Act Amendments of 1988." Our JTPA Review is addressing issues that your legislative proposal seeks to address, and we have shared your proposal with the Advisory Committee. Let me address each of your specific proposals in turn.

Composition of the Private Industry Council

The draft bill would modify the composition of the JTPA Private Industry Councils (PICs) to change private sector representation from a majority to 50 percent, to increase labor representation to 25 percent, and decrease representation of other entities on the PIC to 25 percent.

The recently enacted Economic Dislocation and Worker Adjustment Assistance Act, part of the Omnibus Trade Act, reconstitutes the State Job Training Coordinating Council, with increased labor representation. At the local level, we recognize that some groups have not participated in Private Industry Councils as actively as some would have liked. However, we do not believe a change should be made in the composition of the PIC. We believe the present system has worked well, and that the requirements for PIC membership need to be flexible enough to reflect the varied nature of local communities.

Modification of the JTPA Title II Allocation Formula

Second, the proposal would change the current Title II-A and B formula, to increase the share of funds allotted to States based on the relative share of economically disadvantaged from one-third to 50 percent, and decrease the share of each of the unemployment factors from one-third to 25 percent. The proposal also would restrict the count of the economically disadvantaged used in the allocation formula to those individuals between the ages of 16 and 65.

As I indicated previously, we believe the Title II-B allocation formula should be changed in order to better target funds to economically disadvantaged youth. The same formula is used to distribute funds under Title II-A as the Summer Youth

Program, and we believe in light of the ABT study that was funded by the Department of Labor -- on which you heard testimony in June -- the Title II-A formula bears careful reexamination as well.

The Department has been providing assistance to Committee staff who are attempting to address this difficult issue. This is also a concern of the JTPA Advisory Committee and we look forward to their analysis of the issue. However, although your proposal appears to be a step in the right direction, at this time we are not prepared to endorse a specific change in the Title II-A allocation formula.

Participation of Non-Economically Disadvantaged in Title II

Third, the proposal would increase to 15 percent the portion of Title II-A participants eligible for services who are not economically disadvantaged, and modifies the definition of youth to include 14 and 15 year olds.

Eligibility and targeting are another issue being addressed by the JTPA Review. However, most of the concern that has been expressed has focused on whether JTPA is sufficiently serving those with the most severe disadvantages. This, of course, is the orientation of our at-risk youth proposal. The JTPA system now serves a greater proportion of economically disadvantaged participants under Title II-A than is required by law -- 93 percent in Program Year 1986. Even so, JTPA now serves only a small portion of the eligible economically disadvantaged population. At this time, we do not believe there is any need to change the limitation on non-economically disadvantaged who can be served under Title II-A.

We believe your proposal to expand the definition of youth to include 14 and 15 year olds merits consideration. However, we believe services for 14 and 15 year olds should be tailored to the specific needs of this age group and supplement those services provided by schools. The JTPA Advisory Committee, as a part of its study, is also focusing on questions relating to who should be served under Title II-A. At this time, we do not believe a change in the age range is needed.

Challenge Grants

Fourth, the proposal would establish a new "Youth Employment and Training Challenge Grant" program under which the Secretary of Labor is authorized to make grants to eligible partnership programs or Private Industry Councils to encourage the employment and training of youth. The proposal would authorize an appropriation of $50 million for such grants for FY 1990 and such sums as necessary for each of the next four fiscal years. After the first year of the grant, the Federal share would be reduced for 100 percent to 33 1/3 percent.

Most of the concepts and services contained in this proposal are contained in our at-risk youth proposal -- preventing school dropouts, improving basic skills, increasing employability skills, mentoring, and the like. Many of these concepts are also incorporated in Title II-A programs and are authorized activities under the new reauthorized Elementary and Secondary Education Act. However, we prefer the approach taken in our at-risk youth proposal because it has the advantages of (1) a more carefully defined set of services for in-school and out-of-school youth; (2) already available resources, which we believe in many cases could be put to better use; (3) flexibility for Service Delivery Areas in designing programs appropriate to the needs of their population; and (4) no cumbersome matching funds requirement. Finally, the proliferation of programs with the same objectives, but with separate administrative requirements and funding, could reduce the capability of Service Delivery Areas to provide the best mix of services to their at-risk youth.

Mr. Chairman, we will keep you informed of the results of our JTPA review, and share the JTPA Advisory Committee's report with you and the other Subcommittee members. This concludes my prepared statement and I would be pleased to answer any questions that you may have.

U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210

OCT 13 1988

The Honorable Paul Simon
Chairman
Subcommittee on Employment and
Productivity
Committee on Labor and Human Resources
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

It was a pleasure to appear at the September 22 hearing of the Subcommittee on Employment and Productivity on Proposed legislation to amend Title II-A an Title II-B of the Job Training Partnership Act (JTPA). I am enclosing the cost estimates on serving the "hardest to serve" that we discussed at the hearing, and other information you requested in your follow-up letter of September 23. We hope this information is useful to you and the Subcommittee.

Sincerely,

ROBERTS T. JONES
Assistant Secretary of Labor

Enclosures

Q. What is an estimate of the numbers of people to be served and the cost associated with reaching the "hardest to serve" if the cost were approximately $6,000 per participant? What kinds of education and training activities would be undertaken to serve this group?

A. This question can best be answered by considering youth and adults separately. For youth, various approaches can be used to determine the hardest-to-serve population. One approach is to identify youth by characteristics that leave them highly at risk in the labor market. Such characteristics include being a school dropout, being deficient in basic skills, having poor academic and attendance records, being a drug or alcohol abuser, having a history of behavioral problems, being a foster child or a runaway, being a teen parent, and being a member of a welfare household. It is difficult to determine the number of economically disadvantaged youth with such characteristics, but a reasonable estimate is the number of disadvantaged youth ages 16 to 21 who either have already dropped out of school or will drop out (based on past probabilities). This is about 1.4 million.

An alternative approach to estimating the hardest-to-serve population among youth is to look at the number of disadvantaged youth living in poverty areas (urban Census tracts with 20 percent or higher poverty rates, and rural counties with similarly high rates of poverty). Youth in these areas are most likely to have the at-risk characteristics described above. We estimate that 1.5 million disadvantaged youth ages 16 to 21 to live in poverty areas. Perhaps 300,000 of these youth will go on to four-year or community colleges on their own, leaving an at-risk population of about 1.2 million disadvantaged youth living in poverty areas.

It is not necessary to serve the entire at-risk population each year. If one-fourth of the hardest-to-serve population (say 350,000 youth) received employment and training activities annually, this would allow each person in this target population to be served once or twice during the six-year period between when they are 16 and 21 years old. This should be sufficient, if the interventions are intensive enough to make a difference in long-term employability.

To serve 350,000 youth a year at an average cost of $6,000 each would require an annual expenditure of $2.1 billion. Because the Job Corps and Title II-A of JTPA currently spend an estimated $1 billion each year on this population, the difference to be made up would be about $1.1 billion.

For adults, the hardest-to-serve population includes long-term welfare recipients, persons with basic skill deficiencies, ex-offenders, persons of limited English-speaking ability, the homeless, and other chronically unemployed individuals. Again, it is difficult to determine the number of persons with such characteristics. A reasonable estimate, however, would be to add together long-term AFDC recipients and chronically unemployed disadvantaged individuals. At current unemployment rates, there are about 2 million disadvantaged adults each year who are either unemployed 26 or more weeks or who are out of the labor market because they cannot find work. There are currently about 1.3 million women who have been on AFDC for 3 or more years. Together, this amounts to a hard-to-serve population of 3.3 million disadvantaged adults.

In practical terms, it would take an ambitious effort to serve one-fourth of this hard-to-serve population each year (825,000 individuals). If interventions are effective in promoting self-sufficiency, this level of effort should be adequate to have a large impact on poverty. At an average cost of $6,000 per enrollee, this amounts to close to $5 billion each year. Title II-A of JTPA currently spends about $700 million each year on this hard to-serve adult population, and the new welfare reform legislation will spend another $300 million or so each year on job training for long-term AFDC recipients, leaving a difference to be made up of about $4 billion. The total cost for both the youth and adult populations would thus be approximately $5 billion.

At an average cost of $6,000 per enrollee, education and training activities could be fairly intensive both for youth and adults. For adults, training programs would emphasize a case management approach. Basic skills development would be encouraged. Necessary supportive services such as child care for AFDC women would also be emphasized. For youth, activities would include basic skills development, remediation programs during the summer linked to year-round programs, extensive parent and other adult involvement, community improvement programs, alternative schools, and special teen parent programs. Where possible, youth programs would emphasize case management and the development of positive values.

Question 1:

In your testimony you claim that one of the reasons you are revising the formula in IIB (by deleting employment numbers from the entire formula), is to better target funds on economically disadvantaged youth. The Administration's bill has not addressed the formula problems in Title IIA. Title IIA also primarily targets economically disadvantaged youth and adults. Can we not use the same justification (better targeting), in this case for revising the formula in the IIA program? (Particularly since the Abt Associates study, commissioned by your Department, has stated that of the unemployed population, less than 20% can be classified as economically disadvantaged, while two-thirds of the formula is based solely on unemployment figures.)

Answer:

We recognize that the Title II-A formula has been criticized for not directing resources to the population being served, and believe that the formula bears careful reexamination. While we think revising the Title II-A formula in the way you are suggesting is probably a step in the right direction, at this time we are not prepared to endorse any specific change in the formula. As you know, the JTPA Advisory Committee that we have appointed to review the JTPA program is examining the allocation formula issue. We look forward to the Advisory Committee's analysis of this issue, which is due to the Department in January. The Committee's report should help inform the discussion of this issue.

The Department of Labor will continue to provide assistance to Committee staff, who are also attempting to address this difficult issue.

Question 2:

I intend to revise my draft bill before introducing it before the end of this session. What suggestions would you have in the Title IIA and IIB programs to better target the "Hard-to-Serve" populations, such as long-term AFDC recipients?

Answer:

We believe our "At-Risk Youth" proposal merits your serious consideration. This proposal is targeted to the severely disadvantaged who have basic skill deficiencies and are at-risk of long-term unemployment and dependency. Teen parents receiving AFDC and youth in AFDC families are two specific groups our proposal would be expected to serve.

Our JTPA Review is considering the broader issue of targeting under JTPA. One of four major topic areas in our "white paper" concerns "who should the program serve?" We have invited public comments on this issue through publication of the white paper in the Federal Register and through regional and State meetings that are being conducted as a part of the JTPA Review.

In addition, we would expect that the education and training provisions of the welfare reform legislation will facilitate service to hard-to-serve welfare recipients.

Question 3:

I am pleased that the Department has established the JTPA Review Committee's study of JTPA programs and I will be interested in your recommendations, particularly before I reintroduce my draft bill in the 101st Congress. Can you assure me that the Committee's recommendations will be available at the beginning of next year?

Answer:

The JTPA Advisory Committee will report to the Department in January 1988. We will be pleased to provide a copy of the report to you and other Committee members when it is available.

Senator SIMON. Now we will have a panel: Representative John Groninga, who is a State Representative from the State of Iowa; Linda Woloshansky, who is Director of the Kankakee Valley Jobs Training Program, from LaPorte, Indiana; William Kolberg, the President of the National Alliance of Business; and Granville McCormick, the Chair of Seattle-King County PIC, for the National Association of Private Industry Councils.

Very happy to have all of you here. Representative Groninga, we will be happy to hear from you first.

STATEMENTS OF HON. JOHN GRONINGA, REPRESENTATIVE, STATE OF IOWA, FOR THE NATIONAL CONFERENCE OF STATE LEGISLATURES; LINDA WOLOSHANSKY, EXECUTIVE DIRECTOR, KANKAKEE VALLEY JOB TRAINING PROGRAM, LaPORTE, IN, FOR THE NATIONAL ASSOCIATION OF COUNTIES; WILLIAM H. KOLBERG, PRESIDENT, NATIONAL ALLIANCE OF BUSINESS, WASHINGTON, DC; AND GRANVILLE McCORMICK, CHAIR, SEATTLE-KING COUNTY PRIVATE INDUSTRY COUNCIL, SEATTLE, WA, FOR THE NATIONAL ASSOCIATION OF PRIVATE INDUSTRY COUNCILS

Mr. GRONINGA. Thank you very much, Senator.

My name is John Groninga, and I am testifying on behalf of and at the request of the National Conference of State Legislatures. I am an Assistant Majority Leader of the Iowa House where I have served for the past six years, representing a city of 30,000 in northern Iowa. I also serve on the Economic Development, Ways and Means, and the Small Business and Commerce Committees.

In my life beyond the legislature, I teach writing and speech to college freshmen at North Iowa Area Community College. I teach both communication skills, a course designed for transfer to the universities, and Basic Writing, a non-credit course for students deficient in writing skills. In both courses, I deal with young adults, as well as older adults who are seeking to strengthen skills to better themselves in the workplace and in tomorrow's world. I am a strong believer in a flexible education system that helps individuals better to meet their needs in that workplace and in society at large.

The proposal to focus increased attention and resources on economically disadvantaged individuals generally should be viewed as a good one. During its existence, JTPA has been successful in moving people from the ranks of the unemployed into the workplace. The system, by its very nature, has encouraged placing in jobs first those most easy to place and has not dipped very deeply into the ranks of the harder-to-place individuals. Changing the formula should help that problem considerably. As the work force has grown and the pool of available workers for new hires has shrunk, increased attention is being given to these disadvantaged groups. What has been in the past a noble goal sought by many of us is now becoming an economic imperative for employers and for the future growth of the country. To that end, the proposal must be applauded.

In order to better and more efficiently serve the youth population within the constraints of the current appropriate levels, the

Title II-B Summer Youth Employment and Training Program should be expanded to a year-round youth program which would be targeted at dropouts, welfare recipients, and at-risk youth aged 14 to 21. This expanded Title II-B youth program would focus on in-school programs, school-to-work transition, and GED completion as well as including a summer youth remediation and work experience component.

This would allow Title II-A to be devoted entirely to adults and their particular problems and Title II-B to be devoted entirely to youth and their problems. If youth are to develop meaningful work habits, they need to understand these are not merely something to be endured for a few short weeks in the summer for the sake of a paycheck. In addition, few of the summer jobs seem geared to develop very many long-term skills that are readily transferable to workplaces. NCSL believes, and I heartily concur, that JTPA should be a major vehicle for school-to-work transition service.

Use of the term "at-risk" would seem to have much broader application than current programs allow for. Current Title II-B language assumed youth to be "at-risk" if they are unemployed and/or disadvantaged. These factors alone are neither determinants of nor deterrents to future success. "At-risk" could apply to any number of categories: at-risk of dropping out of school, a health risk, a crime risk, an employment risk, or any combinations of these. A clear definition, perhaps encompassing all of these, is essential.

The challenge grant concept has many exciting possibilities. It embodies the best of the ideas of flexibility and initiative by allowing the eligible partnership programs and PIC's to design programs to meet their unique needs. Chicago is different from Des Moines, and both differ from rural Iowa. As one clear example, consider that high school dropout rates are much higher in urban areas than rural areas. Programs tailored to meet local needs are essential.

Some cautions should be offered at this point, however. Such innovative ideas should at the very last pass through the State level where coordination of efforts and programs takes place. This coordination can help facilitate similar proposals from across the State and can help with data collection that is essential for auditing purposes. NCSL cautions that, "Legislation should be written in a way that does not mandate the replacement of current effective State programs with Federal programs." And Iowa has several of these job programs that are working well; they are designed to dovetail with current JTPA programs. Further State coordination of the new challenges could serve to enhance the application and results of both programs, new and existing.

On behalf of the National Conference of State Legislatures and the General Assembly of Iowa, I want to express my sincere thanks for the opportunity to share with you some of our assessments and concerns. It is gratifying for us to know that through a process such as this we can add a dimension to partnership in the JTPA.

Thank you, Senator.

[The prepared statement of Mr. Groninga with appendix, follows:]

National Conference of State Legislatures

444 North Capitol Street, N.W.
Suite 500
Washington, D.C. 20001
202/624-5400

President Ted Strickland
President
Colorado State Senate

Executive Director
William T. Pound

TESTIMONY OF

STATE REPRESENTATIVE JOHN GRONINGA OF IOWA

ON BEHALF OF THE

NATIONAL CONFERENCE OF STATE LEGISLATURES

REGARDING

PROPOSED AMENDMENTS TO TITLE II OF JTPA

SUBMITTED TO THE SENATE SUBCOMMITTEE
ON EMPLOYMENT AND PRODUCTIVITY

SEPTEMBER 22, 1988

Denver Office: 1050 17th Street • Suite 2100 • Denver, Colorado 80265 • 303/623-7800

My name is John Groninga, and I am testifying on behalf of and at the request of the National Conference of State Legislatures. I am an Assistant Majority Leader of the Iowa House of Representatives where I have served for the past six years, representing a city of 30,000 in northern Iowa. I also serve on the Economic Development, Ways and Means, Small Business and Commerce Committees and chair a standing subcommittee on Insurance.

In my life beyond the legislature I teach writing and speech to college freshmen at North Iowa Area Community College. I teach both communication skills, a course designed for credit transfer to the universities, and Basic Writing, a non-credit course for students deficient in writing skills. In both courses I deal with young adults as well as older adults who are seeking to strengthen skills to better themselves in the workplace and in tomorrow's world. I am a strong believer in a flexible education system that helps individuals better to meet their needs in that workplace and in society at large.

Within this testimony I will offer reactions to proposed amendments to Title II of JTPA. I will share my own assessments as well as general positions of the NCSL, observations of the Training Division of the Iowa Department of Economic Development, and comments elicited from an interested public during a recently completed series of hearings held at six locations across the state. Because these hearings, held for the purpose of finding out "how the quality and effectiveness of the JTPA program can be enhanced (1)," were just completed on 15 Sep 88, this testimony contains only cursory references to the hearing outcomes. A complete text will be forwarded to this committee and to the Department of Labor as soon as it becomes available.

The proposal to focus increased attention and resources on economically disadvantaged individuals generally should be viewed as a good one. We know that much future growth in the workforce will come from women and minorities, many of whom lack the skills necessary in a workplace that is requiring higher levels of skills. A system of work, education and training involving both the private and public sectors can work well to integrate many of these people into a productive work force.

During its existence JTPA has been successful in moving many people from the ranks of the unemployed into the workplace. The system, by its very nature has encouraged placing in jobs first those most easy to place and has not dipped very deeply into the the ranks of the harder to place individuals. Changing the formula should help that problem considerably. As the workforce has grown and the pool of available workers for new hires has shrunk, increased attention is being given to these disadvantaged groups. What has been in the past a noble goal sought by many of us is now becoming an economic imperative for employers and for the future growth of the country. To that end, the proposal must be applauded.

Because of recent population and demographic trends within the state of Iowa that are at once similar to the rest of the nation, and at the same time distinctly dissimilar, I am reluctant to make an absolute recommendation on the proposed change in the funding formula. While the change in formula would be desirable within the state, in spite of the fact that it would create winners and losers among the service delivery areas, the change would also have the same effect among the states. As a legislator in a particular state I am hesitant to support a change that could result in cuts in available funding.

Because of this idea of creating winners and losers among the states, NCSL is naturally reluctant to support specific proposals that create hard feelings among its members. NCSL as its official policy recognizes that, "The changing nature of work in America demands a national effort--in partnership with the states--toward a systematic commitment to the preparation of the nation's workforce. Such a commitment should be accomplished with the full coordination of the employment and training system and the education system, including vocational education (2)."

The recent population changes in Iowa have very serious long term implications for us. Since 1980 the trend has been a movement from the rural areas to the more urban areas. A recent monogragh by the Iowa Department of Management reports that, "Though accounting for only 40 percent of the state's total population in 1986, rural counties accounted for 54,450, or over 85 percent, of the 63,000 loss [in population] that has occured statewide over that period. In 28 rural counties the number of deaths per year is exceeding the number of births (3, p.3)."

Although Iowa experienced population gains from 1980 to 1987 in most age categories, the U.S. Bureau of the Census estimates that the number of Iowans aged 18-24 declined by 81,000. It is widely reported and believed that most of the 63,000 person loss to the state is accounted for within the 81,000. As factories closed or drastically cut back and farms were foreclosed upon, young people out-migrated, seeking work. In addition, although a net gain of nearly 50,000 was reported in the 25-34 year olds, a group in prime child-bearing years, the birth rate dropped substantially. The population of the state is growing older.

Dr. Willis Goudy of Iowa State University reports that, "A factor of perhaps greater importance is the change that has occured in the number of households. Iowa's households increased by an estimated 1.8 percent from 1980 to 1987, a rate that was lower than for any other state. Indeed, the figure for the United States was 12 percent, while it varied in surrounding states from a low of 5.6 percent in Illinois to a high of 9.7 percent in Minnesota (4)."

Per capita personal income in Iowa roughly mirrored the national average until 1980 when it dropped noticeably below average. After enduring virtually no change at all from 1981 to 1983, income has again begun growing at a rate similar to that of the country as a whole, although at a distinctly lower level of income, ranking approximately 30th in the country in 1987 (Appendix H).

At first glance these statistics would suggest that the proposed changes in distribution would be good for Iowa, but other considerations cause reservations. Front page articles in the "Des Moines Register" on 12 and 18 Sep 88 probably shocked most people in the state with the announcement that the state is facing significant labor shortages-- of clerical workers and certain skilled blue collar workers in Council Bluffs, Des Moines, Fairfield, Forest City, Mount Pleasant and Sioux City. Such a situation complicates planning for a company such as Winnebago in Forest City, which has just entered a new venture with Mitsubishi to export Winnebago motor homes to Japan, planning to increase its total exports from a current .5% to 10% of its 12,000 to 14,000 units produced annually (Appendix G).

What Iowa appears to be seeing is the situation predicted for the rest of the country in the next few years. We probably have encountered this sooner than much of the country because of the net out-migration of the early 1980's. What all of this means is that we simply cannot tell how the state would be affected, and hence do not recommend a change until:

1. Accurate data are available for making a detailed analysis of impact among the states. As preceeding testimony has shown, using 1980 census data is inappropriate for Iowa, and presumably, for other states as well.
2. Department of Labor has conducted such a study.

Changing the composition of the PIC has several effects in Iowa which has chosen to create several service delivery areas to better serve the rural populations. It would have the effect of increasing the minimum number of people on the PIC from 13 to 20. In rural areas it is hard to find people who truly speak for working people since no mechanism is present for finding or choosing them and since organized labor is present only in small numbers. Ordering their representation in higher numbers, while a highly desirable goal, could create compliance requirement problems unless a broad interpretation of "representatives of working people" is taken and an appropriate means of selection is devised.

The shifts in population in the state have an effect on the number of people available to serve on PIC's. In contrast to the well-known Iowa companies such as Amana, Deere and Co., Maytag and Winnebago, most Iowa businesses are much smaller, of a size that makes it difficult for leaders to make heavy time commitments away from their businesses. Increasing the number of people on the PIC's could create a difficulty in finding appropriate numbers of highly qualified, highly-motivated individuals who can make the necessary time commitments. The requirement of having at least 51% of the PIC members come from the private sector would necessitate finding more of these people. Many who testified at the recent state hearings felt that an already serious problem would be exacerbated by this proposal.

In order to better and more efficiently serve the youth population within the constraints of the current appropriation levels, the Title II-B Summer Youth Employment and Training Program should be expanded to a year-round youth program which would be targeted at drop-outs, welfare recipients, and at-risk youth aged 14-21. This expanded Title II-B youth program would focus on in-school programs, school-to-work transition, and GED completion as well as including a summer youth remediation and work experience component.

This would allow Title II-A to be devoted entirely to adults and their particular problems and Title II-B to be devoted entirely to youth and their problems. If youth are to develop meaningful work habits, they need to understand these are not merely something to be endured for a few short weeks in the summer for the sake of a paycheck. In addition, few of the summer jobs seem geared to develop very many long-term skills that are readily transferable to workplaces. NCSL believes, and I heartily concur, that JTPA should be a major vehicle for school-to-work transition service.

During the summer of 1980 I worked as a supervisor of twenty-four students in the Youth Conservation Corps. During the eight weeks of the program, these youth completed some very worthwhile projects in North Iowa, one of which was a hiking and cross-country skiing trail that has become the heart of Lime Creek Nature Center. The work was valuable, and these adults, now aged 22-26, can look back at their accomplishments with pride, but beyond learning attendance and getting along with each other, both of which are certainly important, I must question how valuable were the skills they developed. We don't employ very many adults to swing shovels, axes, and weed whackers.

One of the targeted youth groups, at-risk youth, is certainly the center of a great deal of discussion and debate at the national, state and local levels. To ensure consistancy within JTPA and to assist in the coordination with other federal prgrams serving that group, the definition of "at-risk youth" should be standardized at the national level.

Use of the term "at-risk" would seem to have much broader application than current programs allow for. Current Title II-B language assumes youth to be "at-risk" if they are unemployed and/or disadvantaged. These factors alone are neither determinants of nor deterrents to future success. "At-risk" could apply to any number of categories--at-risk of dropping out of school, a health risk, a crime risk, an employment risk, or any combinations of these. A clear definition, perhaps encompassing all of these, is essential.

NCSL offers a very thorough statement of policy on Youth Employment. It provides the outline of a comprehensive and thoroughly workable youth employment program (5)(Appendix E).

The challenge grant concept has many exciting possibilities. It embodies the best of the ideas of flexibility and initiative by allowing the eligible partnership programs and

PIC's to design programs to meet their unique needs. Chicago is different from Des Moines and both differ from rural Iowa. As one clear example consider that high school drop-out rates are much higher in urban areas than in rural areas, but retraining of displaced agricultural workers has little place in the urban areas. Programs tailored to meet local needs are essential.

Some cautions should be offered at this point, however. Such innovative ideas should at the very least pass through the state level where coordination of efforts and programs takes place. This coordination can help facilitate similar proposals from across the state and can help with data collection that is essential for auditing purposes. NCSL cautions that, "Legislation should be written in a way that does not mandate the replacement of current effective state programs with federal programs (2)." Iowa has two successful job training programs, designed to dovetail with existing JTPA rules so as to make the most effective use of both federal and state monies. Further state coordination of new Challenges could serve to enhance the application and results of both the new and existing programs.

In addition to coordination, the auditing function also falls to the states. Legislators want to know that state money they appropriate ends up going to accomplish the purposes for which they appropriate it. A Challenge system that operated directly between the federal level and a local PIC, no matter how good its intentions, could have the effect of duplication of programs and wasting of resources. A system that coordinates activities at all levels will make the best use of available resources to be sure the various publics receive the services they need.

In general it may be said that those programs that are the most successful will be those that involve decision makers at the federal, state and local levels working together to accomplish common goals in ways that vary from state to state and from locale to locale. To that end I offer the cautionary note to Congress to remember to continue to use terminology such as "state" rather than "governor" when writing legislation, recognizing the fact that governance structures and decision-making authority vary widely from state to state.

In addition to these remarks I have included several specific recommendations from the Division of Job Training in the Iowa Department of Economic Development. Although at this point they are preliminary, a preview of the complete analysis to follow, I believe they are worthy of consideration, and I have included them as Appendix A.

On behalf of the National Conference of State Legislatures and the General Assembly of Iowa, I want to express my sincere thanks for the opportunity to share with you some of our assessments and concerns. It is most gratifying to know that through a process such as this we can help to strengthen the Partnership in JTPA.

END NOTES

(1) Iowa Department of Economic Development letter. Jeff Nall, Administrator, Division of Job Training, 15 Aug 88. (Appendix B)

(2) NCSL Official Policy on "Employment and Training." (Appendix C)

(3) "Outlook for the 90's," Iowa Department of Management, Jul 88.

(4) "Iowa's Changing Demographics," Goudy, Dr. Willis; Census Services, Iowa State University; Ames, Iowa; Aug 88. (Appendix D)

(5) NCSL Official Policy on "Youth Employment." (Appendix E)

Appendix A	Iowa Department of Economic Development Analysis
Appendix B	Iowa Department of Economic Development letter
Appendix C	NCSL Official Policy-- "Employment Training"
Appendix D	"Iowa's Changing Demographics"
Appendix E	NCSL Official Policy-- "Youth Employment"
Appendix F	NCSL Official Policy-- "JTPA"
Appendix G	Des Moines Register articles of 12 & 18 Sep 88
Appendix H	Iowa Department of Economic Development charts

APPENDIX A

Iowa Department of Economic Development Preliminary Comments and Recommendations Regarding Amendment of JTPA

I. Whom should the program serve?

A. If Title II-B is expanded to a year round program, the youth expenditure requirement should be removed from Title II-A making it an adult program. Some of the funds from Title II-A could, therefore, be shifted to Title II-B and an additional appropriation for the expanded program would not be necessary. The WIN and drop-out service level requirements should also be removed from Title II-A since those groups will be served through the newly expanded Title II-B.

B. The new adult Title II-A program should target ADC recipients and older workers aged 55-72. Service levels for these groups should be established using FY87 as the base year or incidence in the population, whichever level is greater. If a portion of the new Title II-A program is targeted to older workers, the 3% set-aside for older individuals could be eliminated. This would increase the regular Title II-A allocation without increasing the overall appropriation and simplify service delivery system by combining the older individuals program with the regular adult program.

C. The primary emphasis for all of JTPA should remain on serving the economically disadvantaged who are most-in-need. In keeping with this emphasis, no change should be made in the percentage of participants that must be economically disadvantaged that may be served with JTPA funds is at cross-purposes with the effort to target more and more funds to the most-in-need.

II. What services should be provided?

A. In an attempt to simplify the process of allocating costs to appropriate cost categories and eliminate an artificial distinction in work experience activities, all work experience should be chargeable 100% to training, thus eliminating the need to charge part of the work experience cost to support services.

B. - Allowance, stipends, and bonus payments to participants should be allowable. The need and use of such support services should be determined locally and described in the local training plan. By allowing such payments, service delivery areas will be better able to serve the most-in-need and those with serious barriers to employment.

C. Try-out employment should be an allowable activity for adults as well as youth and should be charged to the support services cost category as cost and abuse control factor.

D. The limitation on participant support for Title II-A should be increased from 15% to 25% to match the limitation in the new Title III amendments. This should eliminate the need for PICs to go through the cumbersome and dubious process of requesting waivers on the support services limitation when a certain set of conditions have been met in the service delivery area.

E. The Exemplary Youth Program activities should be placed in the expanded Title II-B year-round youth program. These activities would then be allowable but would not have to be considered as a separate program, thus simplifying the youth program.

III. Management tools

A. To ensure consistancy in eligibility determination, performance standards calculations, and in federal reporting, all terms used in any of these processes should be standardized at the national level and the Department of Labor should standardize the MIS data collection requirements.

B. The states must be allowed to hold back up to 5% of the Title II-B funds for administration of the program as is the case with Title II-A.

C. The states must be given more latitude to deal with issues at the local level that involve the quality of the program. Simply ensuring compliance with the letter of the legislation and regulations does not ensure that programs are being operated in the most efficient and productive manner and are in keeping with the purpose of the Act and the needs of the individuals that the program is intended to serve.

D. An annual closeout of all Titles and programs under JTPA should be required between the Department of Labor and the states as well as between the states and the service delivery areas. This annual closeout should allow a certain percentage of a program year's allocation as carry-over and the remainder of the funds should revert to the Department of Labor for redistribution. The annual closeout of all Titles and programs would greatly simplify the tracking of expenditures and eliminate a great deal of confusion that surrounds the system which is in place currently.

IV. Coordination

A. A great deal of emphasis in the JTPA legislation has been placed upon coordination with other programs. The states should be allowed to use a portion of the 6% funds as incentive for the service delivery areas to coordinate with either program. If the states were to be authorized to utilize 6% funds in this manner, the coordination requirements placed upon JTPA could be eliminated and SDAs could be rewarded for coordination.

B. If the coordination requirements placed upon JTPA cannot be removed, then all requirements for coordination that are placed upon JTPA should be likewise placed upon the other programs with which JTPA is required to coordinate.

V. Miscellaneous Administrative Issues

A. Another change to the allocation formula process which has been proposed would place an age cap on the definition of economically disadvantaged for purposes of determining the allocations. This change would eliminate from the calculation those individuals over a certain age and would only include those individuals who are most likely to be served by employment and training programs. It would also seem equally reasonable to put a lower limit of 14 years of age on the definition of economically disadvantaged as well to eliminate consideration of individuals below the minimum age for eligibility determination.

B. The establishment of another youth program administered by the Secretary of Labor and outside of the normal flow of funds and administrative control of states is not desirable. Iowa is currently utilizing 8% funds to conduct partnership-type projects very similar to those proposed. It is possible to utilize the existing service delivery system to conduct such a program.

STATE OF
IOWA
TERRY E. BRANSTAD, GOVERNOR

Appendix B

DEPARTMENT OF ECONOMIC DEVELOPMENT
ALLAN T. THOMS, DIRECTOR

August 15, 1988

JTP ISSUANCE 13-88

SUBJECT: Announcement of Public Hearings to review the Job Training Partnership Act (JTPA)

1. Purpose: To transmit information on public hearings which will be held to obtain input on how the quality and effectiveness of the JTPA program can be enhanced.

2. Background: On October 13, 1982, President Reagan signed into law the Job Training Partnership Act (JTPA). In 1986 Congress amended JTPA and planned to conduct hearings during 1989 on the quality and effectiveness of the JTPA program. In order to assist Congress with the JTPA review and develop a Department of Labor (DOL) position on amending JTPA, the DOL has established a National JTPA Advisory Committee. The committee is to provide expert advise and guidance, and to analyze the basic policy issues which must be addressed in charting the future course of JTPA. An important part of the committee's review and recommendations will be input from concerned JTPA constituencies. Therefore, the DOL has asked each state to hold public hearings.

   Accordingly, the State Job Training Coordinating Council and the State Administrative Entity will be conducting public hearings at six Iowa locations to obtain public input on the following issues:

   . Who should the program serve?

     - Eligibility for the program and who should be targeted.
     - Adequacy of the allocation formula of the Title IIA/IIB funds.

   . What services should be provided and how can the quality of services be improved?

     - Nature and quality of services provided.
     - Payment of stipends, allowances and bonuses.
     - Performance standard management.

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. How can the management tools used in the program be enhanced?

- Effective planning and program design at the SDA level.
- Strengthening of technical assistance services.
- Program data collection and analysis.
- Improvements in the communication of Federal policy guidance to States and from the States to the SDAs both in terms of precision and timeliness.

. Should JTPA be coordinated more closely with non-JTPA services and serve other national priorities? Should the public-private partnership under JTPA be broadened?

- Which non-JTPA services should be linked under Titles IIA and III?
- Coordination through legislative action or administratively.
- Broadening the PIC membership to accommodate a wider role in non-JTPA service areas.

3. Substance: The public hearings will be conducted by the SJTCC and the SAE at the following locations:

August 31, 1988: Iowa Western Community College
Continuing Education Center Auditorium
2700 College Road
Council Bluffs, Iowa

September 1, 1988: Indian Hills Community College
Economic Development Skill Center, Room 100
Grandview & Elm
Ottumwa, Iowa

September 6, 1988: Buena Vista College
Siebens Forum
Storm Lake, Iowa

September 12, 1988: Hawkeye Institute of Technology
Grundy Hall, Rooms 256-258
Waterloo, Iowa

September 13, 1988: Eastern Iowa Community College District Offices
304 West 2nd Street, Room 204
Davenport, Iowa

September 15, 1988: Wallace State Office Building Auditorium
E. 9th & Grand
Des Moines, Iowa

The SJTCC and SAE will follow the procedures listed below:

a. The hearing will be limited to three hours in each location (7:00 PM - 10:00 PM).

b. Testimony will be limited to the discussion of who is to receive assistance; services to be provided and their quality; improvements in program management; and coordination of services.

c. Those wishing to testify must notify the Iowa Department of Economic Development (IDED), Division of Job Training, by contacting Kathy Mack at 515-281-7243 or Marian Howard at 515-281-7241 by noon the day of the hearing to have their names placed on the agenda.

d. Agendas will be determined on a "first come, first serve" basis as the notifications are received by IDED.

e. Testimony will be limited to ten (10) minutes with a five (5) minute period scheduled immediately following to permit panel members to ask questions pertaining to the testimony.

f. In addition to verbal testimony, a written summary of one page or less must be submitted on or before the scheduled public hearing. In lieu of verbal testimony, a written testimony, including a summary of one page or less, may be submitted to IDED by 4:30 PM on September 15, 1988. Written summaries are requested to accurately relay all testimony to the Department of Labor. Testimony is to be sent to:

John Bargman
Division of Job Training
Iowa Department of Economic Development
200 East Grand
Des Moines, Iowa 50309

g. At the conclusion of each hearing, if time permits, testimony limited to the discussion of the JTPA review may be given by those in attendance who are not listed on the agenda.

4. Action: Ensure that all appropriate personnel are made aware of the review of JTPA public hearings.

5. Contact: Questions concerning this issuance should be directed to Kathy Mack at 515-281-7243 or Marian Howard at 515/281-7241.

Jeff Nall

Jeff Nall, Administrator
Division of Job Training

Appendix C

National Conference of State Legislatures

OFFICIAL POLICY

EDUCATION

Employment and Training

The social and economic forces that result in skilled worker shortages and disproportionately high levels of poverty and unemployment among certain segments of American society are national in scope and must be addressed by federal policy, legislation, and funding in partnership with the states.

More specifically, such policy, legislation, and funding should focus on three critical areas of concern: (1) the shortage of skilled labor; (2) disproportionately high unemployment among disadvantaged populations, especially youth; and, (3) displaced workers.

1. The shortage of skilled labor, which is projected for the late 1980s, will have a negative impact upon American industrial growth and, unless addressed, may weaken the entire national, social, and economic structure. The changing nature of work in America demands a national effort--in partnership with the states--toward a systematic commitment to the preparation of the nation's workforce. Such a joint commitment should be accomplished with the full coordination of the employment and training system and the education system, including vocational education.

2. The employment and training needs of working and unemployed poor people--especially youth--must be addressed through special funds and programs. Exceedingly high unemployment among the nation's economically disadvantaged and minority youth, and the unique problems they face, must be attacked by coordinated national, state, and local efforts utilizing the resources of both the public and private sectors. Such a joint effort should be highly coordinative and innovative with "career" placement the end goal for the individual.

3. The changeable state of the national economy and American industry has created a wasteful growing pool of displaced workers who require job retraining and placement so they again can be contributing members of society. Working closely with those states most affected, national resources should provide incentives for the private sector, together with the education, employment, and training systems to utilize and build upon the skills already available in these workers for the purposes of retraining and placement.

To better facilitate the above three programmatic recommendations, the National Conference of State Legislatures makes the following procedural recommendations:

A. Planning for employment and training programs should be a coordinated state and local effort.

B. Legislation should not be written in a way that vests program responsibility in a specific branch of state government. Rather, in directing responsibility, the neutral word "State" should be used to avoid conflicts with individual state procedures, practices, and laws.

C. Legislation and agency regulation should establish that state and local administrative structures for federal employment and training programs shall be pursuant to state law, such as (a) which agencies shall administer the programs, (b) within federal guidelines, how planning and evaluation shall be conducted and how program data shall be collected and disseminated, and (c) what implementing, appropriating, and oversight authority shall be retained by the state legislature.

D. Legislation should be written in a way that does not mandate the replacement of current effective state programs with federal programs.

E. Legislation should be written in such a way as to prohibit reinterpretation of legislative intent by means of regulation.

F. Implementation of a national employment and training effort is best left up to state and local officials with specific responsibility for service delivery at the local level.

G. The private sector, especially small business and industry, must be involved in all aspects of the employment and training process, from planning to assessment.

H. Allowances, stipends, program activities, and support services should be neither mandated nor prohibited, but allowed flexibility in keeping with program design and the needs of individual clients.

I. Federal and state action should facilitate the coordination of all education, skill training, and employment services, both public and private. Such coordination should include such things as mutual advisory board memberships, coordinated planning, and exchange of information on a timely basis. The federal government should not encourage the proliferation of needless advisory mechanisms.

J. A national employment and training program should be forward-funded and have a multi-year appropriation to allow for more effective planning to reflect the economic development needs of different states and localities.

K. Employment and training programs should be assessed annually to determine the extent to which they are meeting the goals of national and state policies and program objectives.

Appendix D

IOWA'S CHANGING DEMOGRAPHICS

Iowa is experiencing renewed vigor in its economic sectors after several difficult years. That may be a harbinger of demographic changes as well, although what occurs in the population frequently lags behind economic change.

Iowa's population always is in a state of change, of course. During this decade, the trends have been subject to greater attention, at least in part because other sections of the Midwest and the nation as a whole have been experiencing patterns that differ substantially from those for Iowa. From 1980 to 1987, Iowa's population is estimated to have declined by about 2.7 percent. Although it grew during previous decades, that growth seldom was greater than 5 percent. Thus, the current downturn does not differ greatly from the slow growth experienced earlier. Rather than growing slightly, the state's population is declining slightly. Comparisons with surrounding states and the nation indicate that Iowa is lagging behind the Midwest and that the Midwest is growing more slowly than the United States.

A factor of perhaps greater importance is the change that has occurred in the number of households. Iowa's households increased by an estimated 1.8 percent from 1980 to 1987, a rate that was lower than that for any other state. Indeed, the figure for the United States was 12 percent, while it varied in surrounding states from a low of 5.6 percent in Illinois to a high of 9.7 percent in Minnesota.

One of the reasons for the lower rate of household formation in Iowa is the decline in the number of young adults and, perhaps consequently, of marriages. The U.S. Bureau of the Census estimates that Iowans aged 18-24 dropped 81,000 from 1980 to 1987. And there were about 4,500 fewer marriages in 1987 than in 1980.

These figures suggest another key change occurring in the state. There were 13.2 births per 1,000 residents in 1987, a rate below that ever recorded previously in Iowa. About 10,300 fewer births occurred in 1987 than in 1980; the last time the number of births increased in Iowa was from 1979 to 1980. The number of births has declined during a period when the number of people 25 to 34 years old, a category containing people in prime childbearing years, has increased in Iowa. In 1980, there were 449,000 in this age category; the estimate for 1987 is 494,000. The number of deaths, on the other hand, has been relatively constant for recent decades. Thus, the constantly narrowing difference between births and deaths, which is called natural change, is due almost totally to declines in births. In 1986, 28 Iowa counties had more deaths than births; the number experiencing natural decrease has been growing nearly every year this decade.

Although Iowa had about 114,000 more births than deaths from 1980 to 1987, population is estimated to have declined by 80,000. If that estimate of population change is correct, then about 194,000 more people moved out of Iowa than moved in during that period. Migration, which is the third component of the population equation, is selective, with the current assumption being that more youths and young adults are leaving Iowa than moving into the state.

Projections of future population trends are difficult because of the variety of assumptions that are possible. A recent projection by the U.S. Bureau of the Census suggested continuing declines in Iowa's population into the next century. Projections done within the state predict a pattern of stability--a return to growth, but at very modest levels of 2,000 per year to the turn of the century. When age is examined, recent trends are projected to continue, with growth among the oldest of the age groups and little change or decline among youth.

Implications for Iowa

(1) Iowa is likely to lose one seat in the U.S. House of Representatives when reapportionment is completed before the 1992 election. If population decline continues through the 1990s, then a second seat could be in jeopardy in 2002. Within the state, urban areas are growing more than (or declining less than) rural areas; thus, the state legislature in 1992 probably will have more representation from urban constituencies.

(2) Those 85 and older continue to increase rapidly in Iowa, with the number jumping from 45,000 in 1980 to an estimated 53,000 in 1987. The continued increase in the older population suggests intensive planning for long-term health care; with continuing declines in rural areas where many older individuals live, innovative methods of providing services to relatively isolated clients must be devised. Businesses catering to the needs of older Iowans may be able to expand; in addition, the creation of part-time employment opportunities for older workers will benefit the state.

(3) The low rate of formation of new households in Iowa suggests, among other things, that continued declines in the birth rate may be anticipated, which has obvious consequences for education. Because birth rates have dropped well below the state average in many rural counties, issues concerning school consolidation will continue to be heard. Questions should be raised about short-term solutions to problems that demand a long-term view of continuing population trends. The decline among those in the younger age groups also gives emphasis to the potential for restructuring higher education throughout the state.

(4) With a low birth rate and net migration loss of youth, there will be fewer individuals available for entry-level jobs in both the public and private sectors of Iowa's economy. Generally, this would be seen as a negative factor. It may actually work as an advantage, however, because young adults from other states could be recruited to fill such positions and thus reverse some of the migration loss. In addition, women and minority-group members may have more success in entering the labor force in Iowa.

(5) In Iowa, the age category containing those 35 through 44 (part of the baby-boom generation) had the greatest percentage increase from 1980 to 1987. These people, entering some of their most economically productive years, are especially important to the welfare of Iowa. The state must take steps to retain these individuals, a group perhaps more vulnerable than realized to lures of positions and amenities available elsewhere. Emphasis on excellence in education for their children likely is a key positive reinforcement for remaining in Iowa. Also, interest in continuing education for those above the "traditional" ages for college and university training should continue to increase.

Sources: U.S. Department of Commerce News, American Demographics, Wall Street Journal

Written: Dr. Willis Goudy, Census Services, Iowa State University, Ames

Appendix E

National Conference of State Legislatures

OFFICIAL POLICY

EDUCATION

Youth Employment

The National Conference of State Legislatures recognizes the serious problem of youth unemployment throughout the country and believes that a year-round approach in public policy to youth joblessness is generally lacking. While the Job Training Partnership Act (JTPA) should be a major vehicle for school-to-work transition service, early evidence indicates that few of those most in need currently are being served by JTPA.

Therefore, NCSL would recommend the development of a more comprehensive youth employment policy that includes:

1. An expansion of resources available at the secondary school level for basic education and remediation to reverse patterns of functional illiteracy and reduce drop-out rates. The youth to be served should be those least likely to become employed without assistance.

2. Institutionalizing school-to-work transition services at the secondary and post-secondary levels, to include counseling, career exploration and planning, job search assistance, and other services that will both facilitate entry into the labor market and instill the importance of further education and training, especially for the non-college bound.

3. After-school job opportunities and full-time summer jobs, coupled with remediation, should be provided for economically disadvantaged young people who are in high school or who agree to return to an educational program that leads to a diploma or an equivalency certificate. Education performance and school attendance would be a condition of participation and would be strictly monitored. Special attention must be given to coordination with local Private Industry Councils to provide work opportunities in the private sector to enhance the value and credibility of the experience.

4. Creation of work and service opportunities for 14- to 18-year-olds who have completed high school or an equivalency program and want to devote a year to community or conservation service to develop and test their skills, and explore new interests. At least 50 percent of the participants should be economically disadvantaged.

5. Long-term follow-up services to assure that the transition is complete including incentives for promotions or substantial gains in income for target youth.

NCSL urges a true state-federal partnership to combat this serious national problem so that future generations of youth can be fully employed and productive members of society.

Appendix F

National Conference of State Legislatures

OFFICIAL POLICY

EDUCATION

Job Training Partnership Act

The National Conference of State Legislatures is pleased to note the role accorded legislatures in the implementation of the Job Training Partnership Act (JTPA), P.L. 97-300. This is a recognition of the policymaking role of state legislatures and of the need to maintain proper checks-and-balances between branches of state governments.

NCSL urges legislatures to carefully consider their particular role in the implementation of JTPA with regard to their policies and procedures and in consideration of state priorities regarding job training, vocational education, and human resource development.

Among the special activities legislatures may want to consider are:

1. Implementing legislation;
2. Assurance that representation of and by the legislature has been appointed to the State Job Training Coordinating Council in accordance with the Act;
3. Policy coordination between the job training program and other programs such as education, vocational education, welfare, unemployment compensation, and organization of the state employment service; and,
4. Monitoring and oversight of job training programs.

NCSL calls upon the U.S. Department of Labor to respect state audit decisions in the absence of OMB guidelines and to refrain from unnecessary intervention in the absence of federal standards. Also, NCSL calls upon DOL to neutralize legislation and regulations in employment and training programs by designating the "State" as the legal entity with which the department deals rather than specifying a particular branch of government. This would be proper acknowledgement of the congressional intent to assure checks-and-balances and to recognize the differences found in the constitutional and political systems of the several states.

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Appendix G

Turnabout in Iowa: Too few workers

DMR 13Se88

State may look to South to ease the labor shortage

By DAVID YEPSEN

Register Staff Writer

Iowa, a state that has lost tens of thousands of workers this decade because of a job shortage, now faces a growing labor shortage and probably will have to advertise in the South to attract skilled and clerical workers, state officials say.

"It's incredible," said Douglas Gross, executive assistant to Gov. Terry Branstad. "I never thought we'd have a problem like this after all we've been through in Iowa."

The state will first run its help-wanted ads within the state. If that doesn't produce results in 60 days, Gross said, the notices will be published outside Iowa — particularly in the South.

Where the Jobs Are

Gross said the cities of Forest City, Mount Pleasant, Fairfield and Des Moines are experiencing "significant labor shortages" of either skilled blue collar workers or clerical workers. State officials also are concerned that Sioux City may run out of skilled workers as its meatpacking industry expands, he said.

Winnebago Industries in Forest City "is finding it difficult to get enough people to meet their production goals" and needs several hundred skilled assembly line workers, such as welders, to meet those goals, he said.

In Des Moines, some insurance companies are having trouble finding qualified clerical workers to staff their growing operations, he said.

"Growth Uneven"

"Iowa's economic growth is uneven," Gross said. "We're in a situation where some growth will be limited by the lack of available labor. It's a large issue for the 1990s."

Gross said the first step in meeting those shortages will be helping Iowans looking for work to find jobs in the state. In August, he said there were 65,000 Iowans who were seeking jobs, "and we want to help Iowans first."

But that may not provide enough applicants to fill the demands of employers. Gross said they "are looking around" for other plant locations because they can't find enough prospective applicants in the state.

"The labor market is getting tighter and tighter. There are more minorities and women entering the work force but often they don't have the skills these employers are seeking," he said. The governor's aide said a program is being established at the area colleges to link those workers with training programs.

Labor shortage has state in an unfamiliar position

JOBS

Continued from Page One

"If it's not a problem now, it's likely to be a problem in the future," he said. "Our work force is getting older.

"The worst thing that could happen to us is a lack of skilled, blue collar workers for business that wants to expand. It could hinder economic development."

"Generic" Appeals

State officials have struggled for years to get more industries into Iowa, and Gross said unless Iowa can get the right kind of workers for prospective employers, those employers "will start looking elsewhere."

The advertising will be paid for by individual companies but will be "generic" appeals asking potential workers to apply at a local Job Service office.

"If there continues to be a shortage after 60 days, we'll go outside the state," he said. Gross said he expects that will be necessary because many employers are looking for workers who possess specific skills.

If the Iowa ads don't produce results, state money will be used in newspapers in Texas and Louisiana, both targeted because of their high unemployment rates. Employment agencies there will be asked to refer prospects to Iowa employment officials. Gross said many former Iowans who are looking for a chance to come back to Iowa may be enticed to return.

He said he did not know how much money would be needed for the advertising but said no special appropriations would be needed from the Legislature.

Gross said Iowans who are interested in the skilled jobs in these communities should contact a local Job Service office.

RV-maker Winnebago clinches pact with Japan

TOKYO, JAPAN (AP) — Winnebago Industries Inc. of Forest City, Ia., signed a joint venture with Mitsubishi Corp. Monday to sell Winnebago recreational vehicles in Japan.

Winnebago Vice President Gerald Boman, who had four of his smaller RV models on display, said Winnebago exports only 0.5 percent of the 12,000 to 14,000 units produced annually, and hopes with the Mitsubishi marketing to increase exports to 10 percent of production.

Lauding the aggreement were U.S. Commerce Secretary C. William Verity, Iowa Gov. Terry Branstad and Hajime Tamura, the powerful Japanese minister of international trade and industry.

Said Verity, "With Mitsubishi marketing this product, I predict that this will be an immediate success."

The Japanese government is seeking to cut Japan's $60 billion annual trade surplus with the United States by encouraging more imports of American goods into Japan.

Monday's party for Winnebago was the centerpiece of the weeklong U.S. trade mission, and guests included members of the Diet, Japan's parliament, as well as Iowa government officials.

Branstad called the agreement "a very major step forward by American industry and we are very proud that a company based in Iowa is leading the way here in Japan."

DES MOINES REGISTER 13 SEP 88

Too few workers to fill Iowa jobs

By VERONICA FOWLER

Of The Register's Ames Bureau

Clerical workers are needed so badly at Kirke-Van Orsdel Inc., a Des Moines insurance firm, that the company has begun recruiting retirees and advertising in everything from the want ads to church bulletins.

In Council Bluffs, Blue Star Foods is down 100 employees — about a sixth of its work force — and is considering starting a commuter shuttle service to bus in employees from long distances.

At Heatilator Inc. of Mount Pleasant, it used to be that you could find people to work "any day of the week," says plant manager Phil Hecht. Now, he says, filling a job might mean "we'll wrestle with it for three weeks."

While much of Iowa slowly recovers from years of a slumping farm economy and double-digit unemployment, employers in a few pockets of prosperity are finding themselves in an unfamiliar situation. They can't find enough workers.

About 65,000 people remain unemployed in the state. However, employers say these jobless workers either live in high-unemployment areas or aren't qualified for the jobs that are open in the boom towns.

THE MINIMUM WAGE

BUSINESS

✓ Iowans who try to live on the minimum wage find it's not much of a life. Page 1G.

Limited to a Few Areas

Severe shortages, however, are limited to a few parts of the state where expansion has been steady. Other areas, such as Lee County in southeast Iowa, continue to have unemployment of nearly 8 percent.

But in Des Moines, Ames, Iowa City, Mount Pleasant, Fairfield, Forest City and Council Bluffs, employers are complaining about a lack of qualified workers.

While that might seem good news for job hunters, economic development officials say the problem is going to worsen before it gets better and fear the labor shortage might stunt economic growth.

"It's a pocket syndrome that has the potential to be statewide in the '90s," says Douglas Gross, top aide to Gov. Terry Branstad. "We're getting glimpses of a problem that could be much larger."

Experts say the shortages have been brought on by rapidly expanding industry in some areas and small wages that fail to entice Iowa's unemployed to move where the jobs are.

For example, about one-third of the Iowans collecting unemployment insurance are in manufacturing, Job Service statistics show. Yet, in prosperous areas, it's often the manufacturing jobs that are hard to fill.

Scars of Exodus

Also, economic development experts say, the swell of baby-boom workers has been depleted by departures from the state, leaving a smaller pool of young, often unskilled workers. Iowa's loss of young people has been among the nation's most severe in the 1980s, and population experts say the loss could scar the state's economic growth.

Workers in highest demand are either skilled blue-collar workers, such as welders and tool-and-die makers, or clerical workers.

Des Moines has felt acutely the need for clerical workers.

"We're having an awful time finding entry-level candidates, people with some keyboard skills or even just high school graduates," says Jackie Van Ahn, vice president for human resources at Kirke-Van Orsdel.

When she hears of insurance businesses moving into the area, "I selfishly hope they don't put it in Des Moines because we don't have the workers available."

Yet in other parts of the state, clerical workers are going without jobs.

Asked to Add Offices

A number of cities in less prosperous parts of the state have approached Kirke-Van Orsdel about adding offices there, says Van Ahn.

The Principal Financial Group has already done it.

In part because of a lack of clerical workers in Des Moines, Principal's office in Mason City was expanded and a new office in Waterloo is being established.

Skilled blue-collar workers also are much in demand in select parts of the state.

In Fairfield, boom times are on, making it tough to find everything from production line workers to welders.

Skilled Laborers Needed

Rockwell International Inc. has just doubled its work force there, says Marc Sprenger, manager at the Job Service of Iowa office in Fairfield. A lead glass manufacturer and a granite products manufacturer also have substantially expanded, creating a dearth of skilled laborers.

"We've been finding it hard to find these workers for about the last three months," says Sprenger. Companies that once had only to list with Job Service are resorting to running ads in newspapers throughout the region.

In Mount Pleasant, Heatilator Inc., which makes fireplaces, is finding tool-and-die makers in low supply.

Phil Hecht, Heatilator's manager of manufacturing, says it used to be "we'd make the decision to hire Monday and we'd have the job all wrapped up by end of business Tuesday."

No more. While Hecht says the shortage comes in waves, he might have to wait weeks before filling a job.

"Whole Town Is Booming"

Nearby, at Metromail, a Mount Pleasant direct-mail distributor, the plant manager says it's hard enough to find entry-level applicants, let alone skilled machine operators.

"The whole town is booming," says the manager, Keith Koch. "For us, this is probably our best year in 25 years."

To alleviate the labor shortage, some companies are trying to persuade workers in areas of the state that are still economically depressed to take jobs in these pockets of prosperity. But they're finding resistance.

One obstacle is Iowans' traditional commitment to family and community.

"Iowans get very settled in their communities, and they're not really excited about relocating," says Jerry Mathiasen, deputy director of the Iowa Department of Employment Services.

When Metromail surveyed potential workers, "the results showed that many live in farms or small towns, where their families all are, and they just don't want to move," says Koch.

Recruiting in Other States

State officials are considering recruiting workers from depressed parts of the country, especially Louisiana and Texas. Winnebago Industries Inc. of Forest City, in particular, needs several hundred skilled assembly-line workers and expects to do some recruiting in the South.

Mathiasen says while "our No. 1 goal is to help Iowans out of work here in Iowa," there are also a number of ex-Iowans who have moved to Sunbelt states who might be interested in returning now that jobs are readily available.

Another problem is in attracting workers from areas of poverty to areas of prosperity is a shortage of housing, especially in Mount Pleasant, Fairfield and Forest City.

"It's a problem in rural, small-town Iowa. In some places, they haven't had any housing built for 10 years," says Gross.

In Mount Pleasant (pop. 7,200), for example, the mayor is pushing a program to get 300 housing units built to ease the housing crunch and create a larger labor pool.

Skills Lacking

Another obstacle in hiring the 4.1 percent of Iowa's workers who are unemployed is a lack of skills.

"More and more, you're running into people who don't have the skills" for many jobs, says Sprenger of Job Service.

Many need specific training, such as welding, Sprenger says. Others can't read well enough to follow blueprints correctly. Still others need computer experience to work on the growing number of computer-operated machines.

Kirke-Van Orsdel's Van Ahn says she needs people who have good accounting and math skills and can speak well.

Officials at the Des Moines Area Community College say the unemployed often lack grammar and writing skills or even the basic ability to relate well to others.

Douglas Getter of the Iowa Department of Economic Development said controlling the job shortage will be a top priority in coming months.

Businesses, he says, "have to have the best opportunity that we can provide to remain and grow in Iowa."

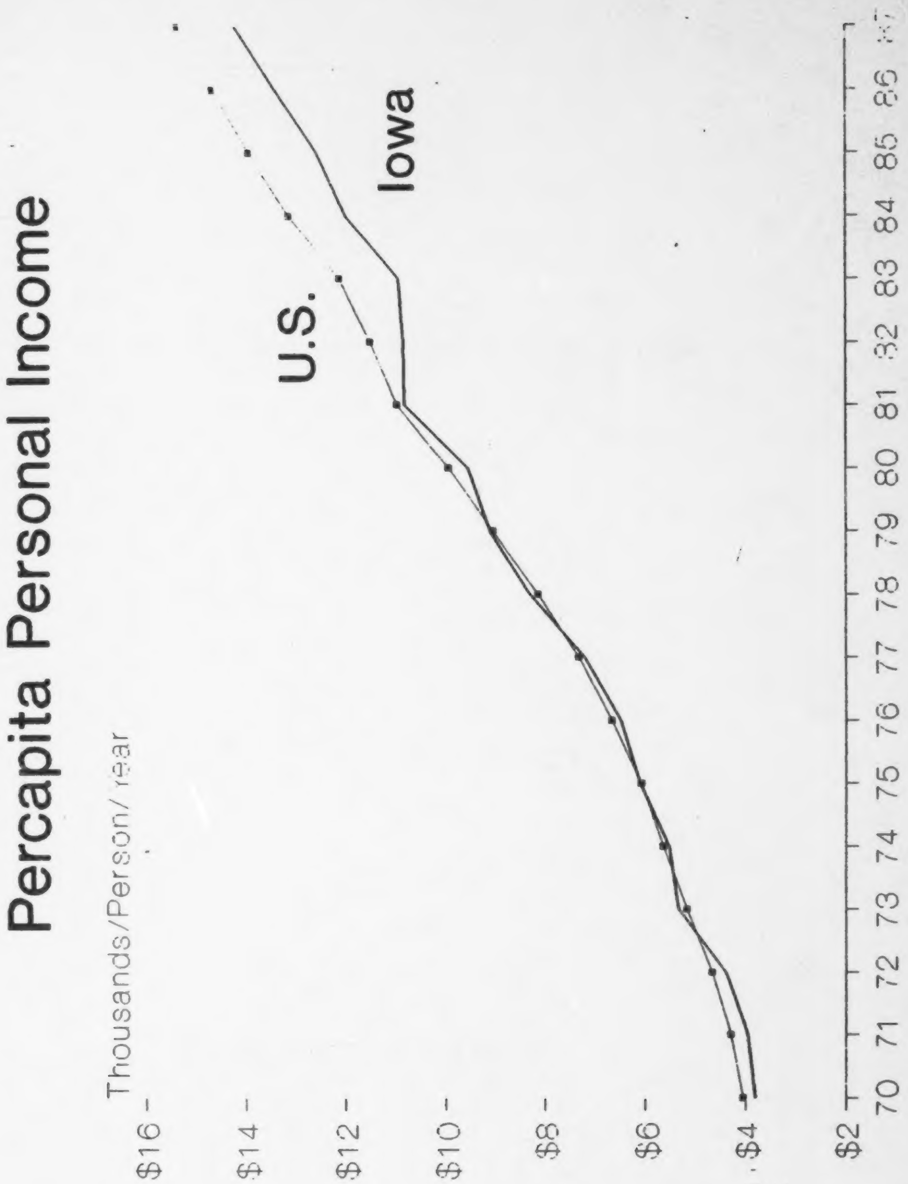
Jobless rates for Iowa counties

Story	1.6
Winnebago	1.7
Adair	1.8
Johnson	2.0
Sioux	2.0
O'Brien	2.1
Audubon	2.2
Adams	2.3
Hamilton	2.3
Buena Vista	2.4
Hancock	2.5
Mitchell	2.5
Clay	2.6
Humboldt	2.6
Iowa	2.6
Cherokee	2.7
Dickinson	2.7
Ida	2.7
Lyon	2.7
Marion	2.8
Palo Alto	2.9
Pocahontas	2.9
Dallas	3.0
Guthrie	3.0
Poweshiek	3.0
Warren	3.1
Boone	3.2
Jones	3.2
Mahaska	3.2
Taylor	3.2
Worth	3.2
Greene	3.4
Grundy	3.4
Linn	3.4
Mills	3.4
Polk	3.4
Allamakee	3.5
Buchanan	3.5
Delaware	3.5
Plymouth	3.5
Wayne	3.5
Winneshiek	3.5
Benton	3.6
Louisa	3.6
Bremer	3.7
Calhoun	3.7
Cass	3.7
Henry	3.7
Jasper	3.7
Marshall	3.7
Webster	3.7
Clayton	3.8
Lucas	3.8
Ringgold	3.8
Carroll	3.9
Fremont	3.9
Kossuth	3.9
Tama	3.9
Washington	3.9
Wright	3.9
Cedar	4.0
Keokuk	4.0
Montgomery	4.0
Shelby	4.0
Butler	4.1
Jefferson	4.1
Hardin	4.2
Union	4.2
Cerro Gordo	4.3
Chickasaw	4.3
Franklin	4.3
Fayette	4.4
Sac	4.4
Madison	4.5
Emmet	4.6
Dubuque	4.7
Floyd	4.7
Page	4.7
Woodbury	4.9
Monona	5.0
Muscatine	5.0
Pottawattamie	5.1
Appanoose	5.3
Harrison	5.3
Van Buren	5.3
Osceola	5.5
Davis	5.7
Black Hawk	5.8
Wapello	6.2
Clarke	6.5
Decatur	6.5
Monroe	6.5
Des Moines	6.6
Clinton	6.9
Scott	6.9
Howard	7.0
Jackson	7.2
Crawford	7.5
Lee	7.9

SOURCE: Job Service of Iowa

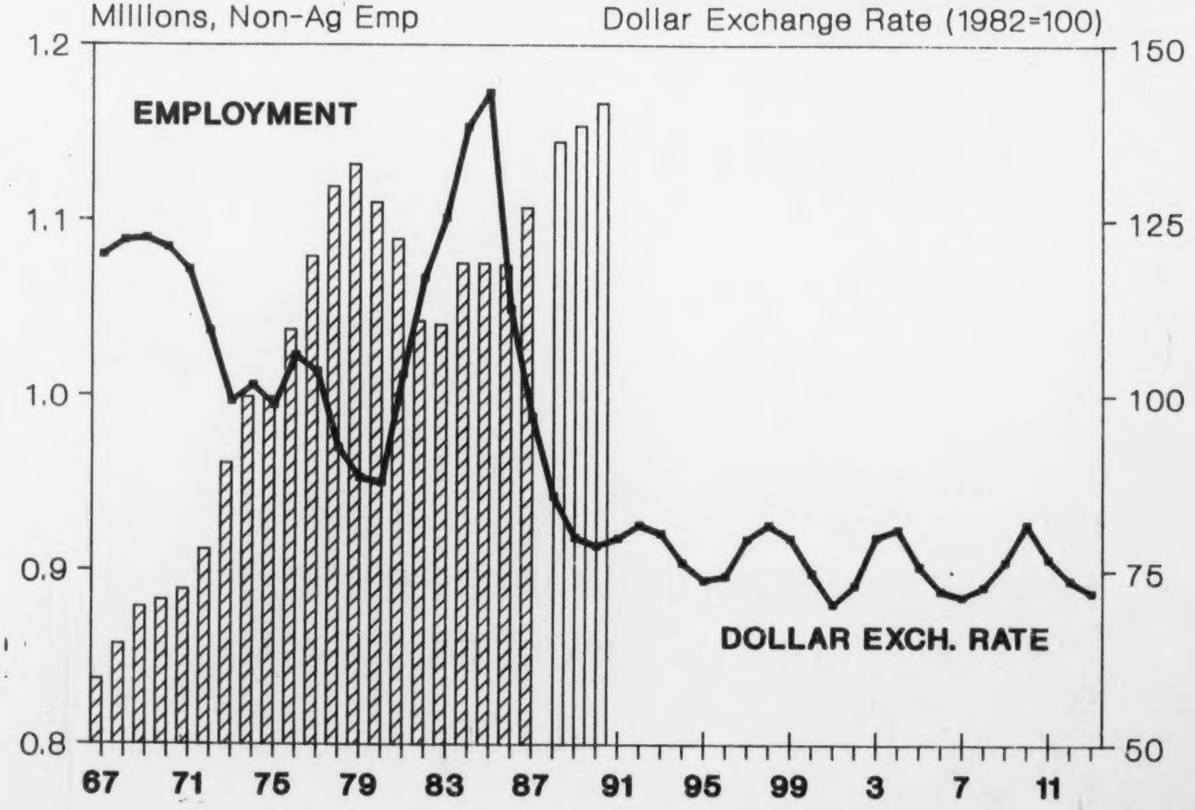
CHARTS AND GRAPHS
courtesy
Iowa Department of Economic Development

Appendix G

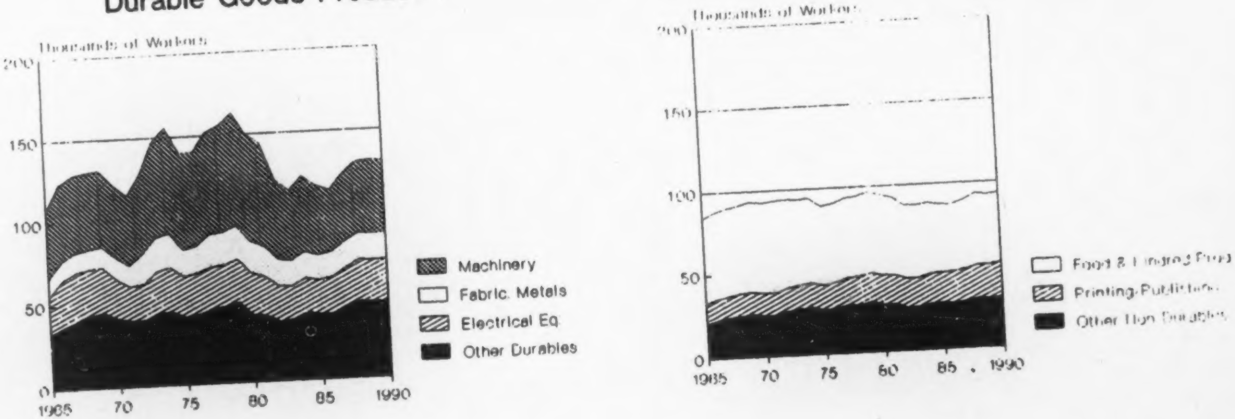


Percapita Personal Income

Impact of the Dollar on Iowa Employment



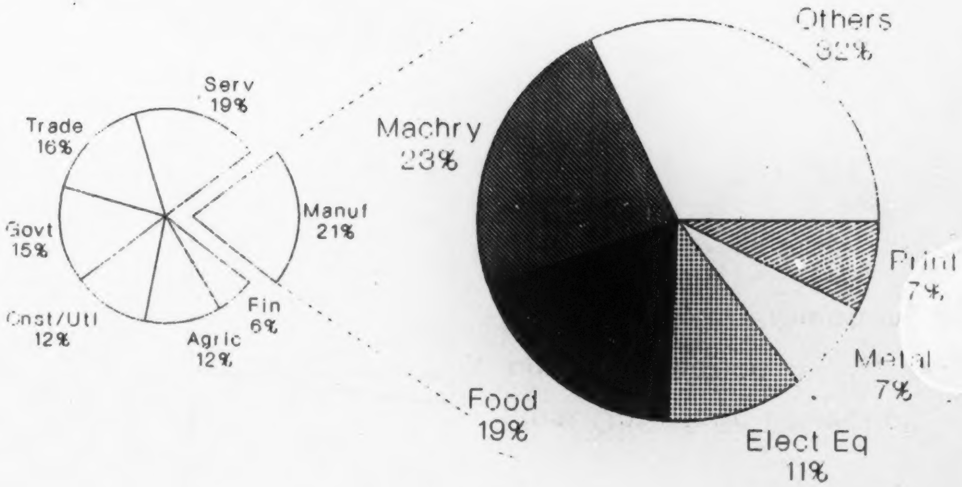
Iowa Employment Trends
Manufacturing Jobs

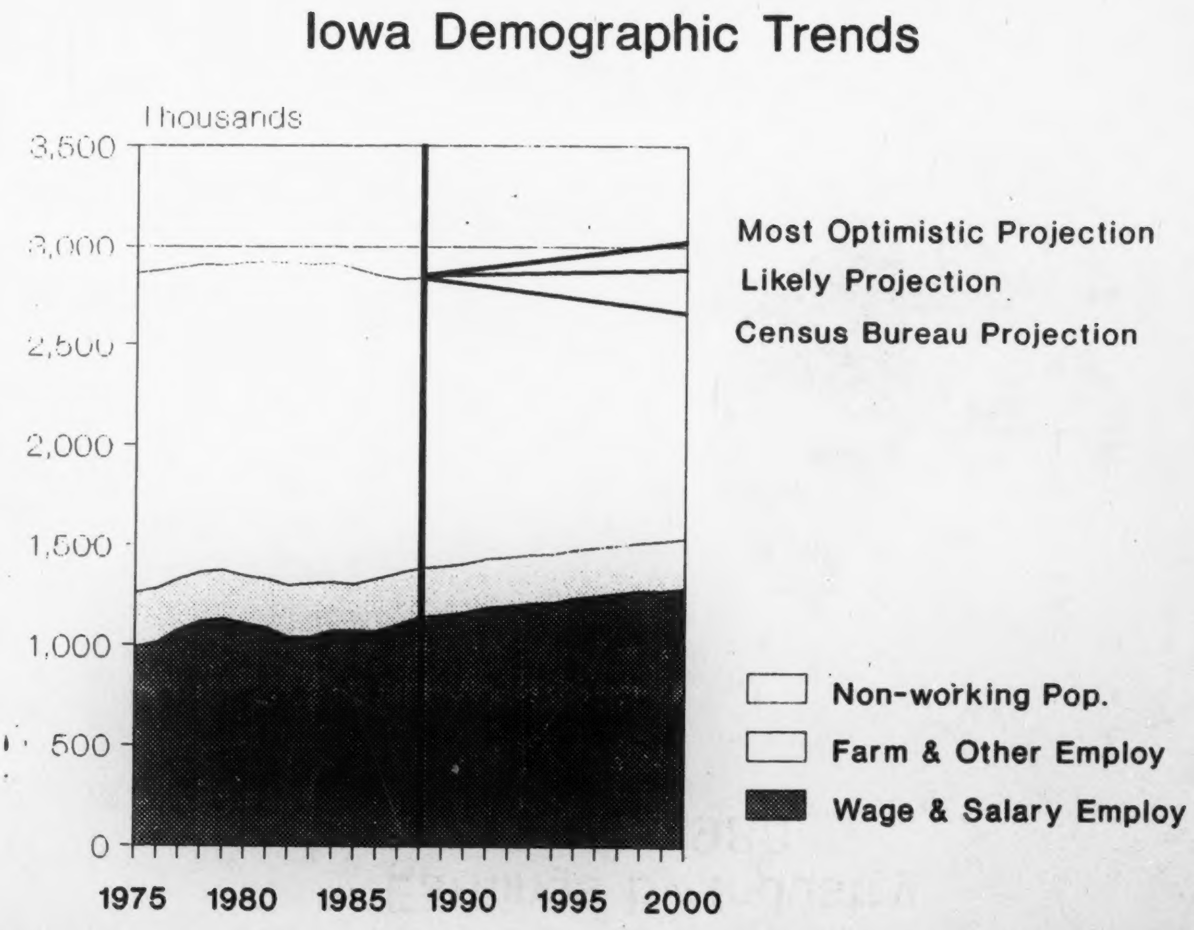


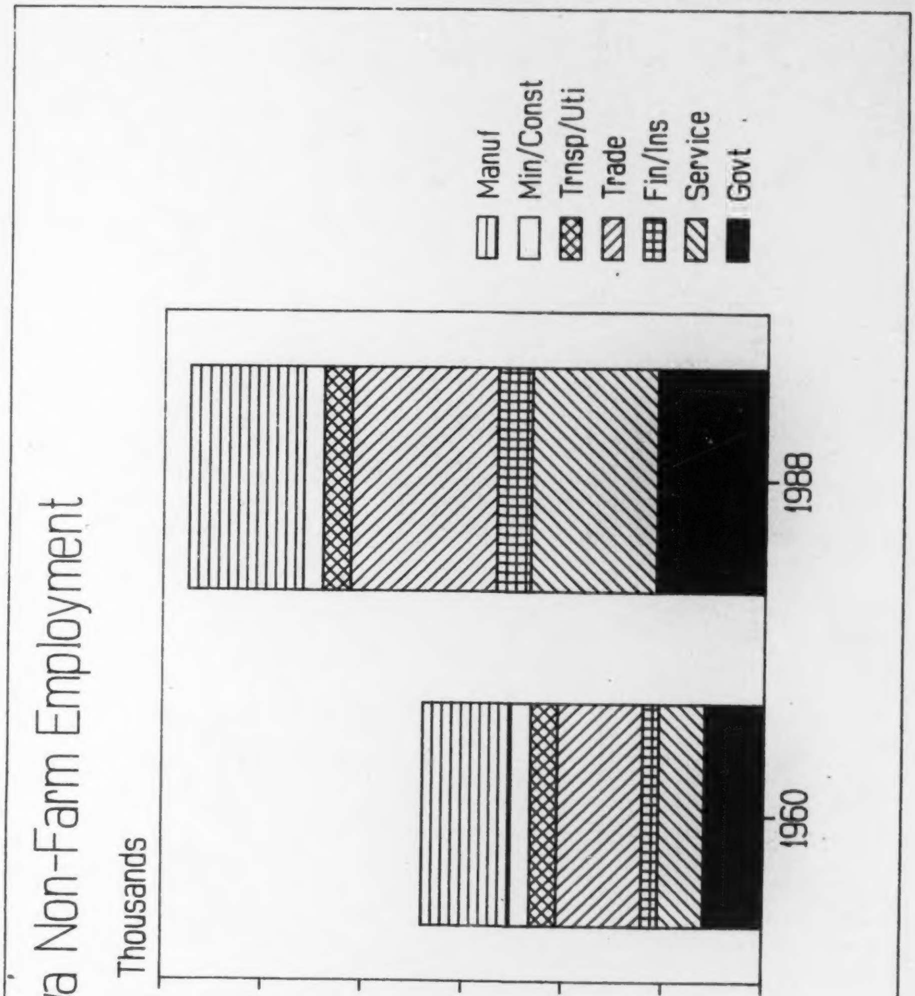
Durable Goods Producers

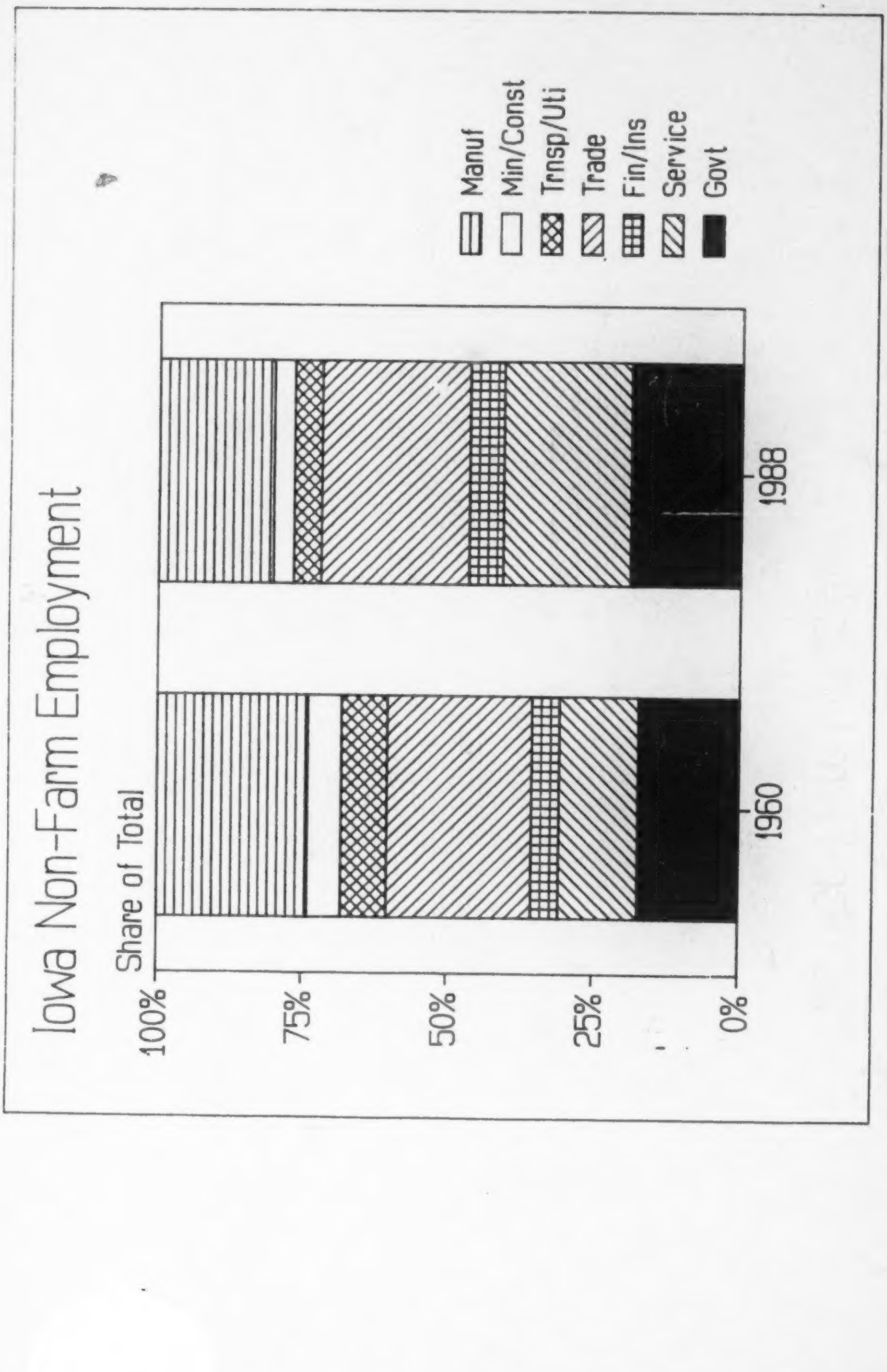
Non-Durable Goods Producers

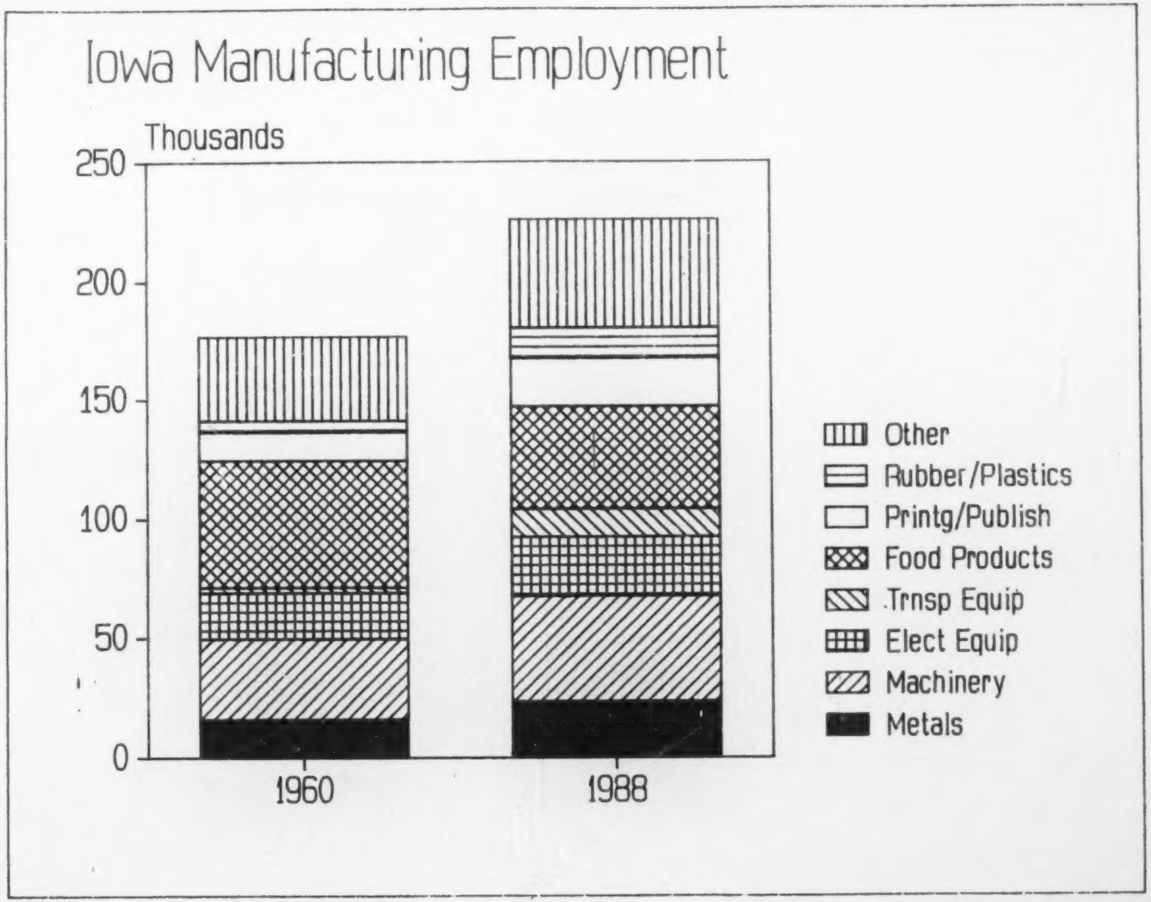
Earnings by Industry
Iowa, 1986

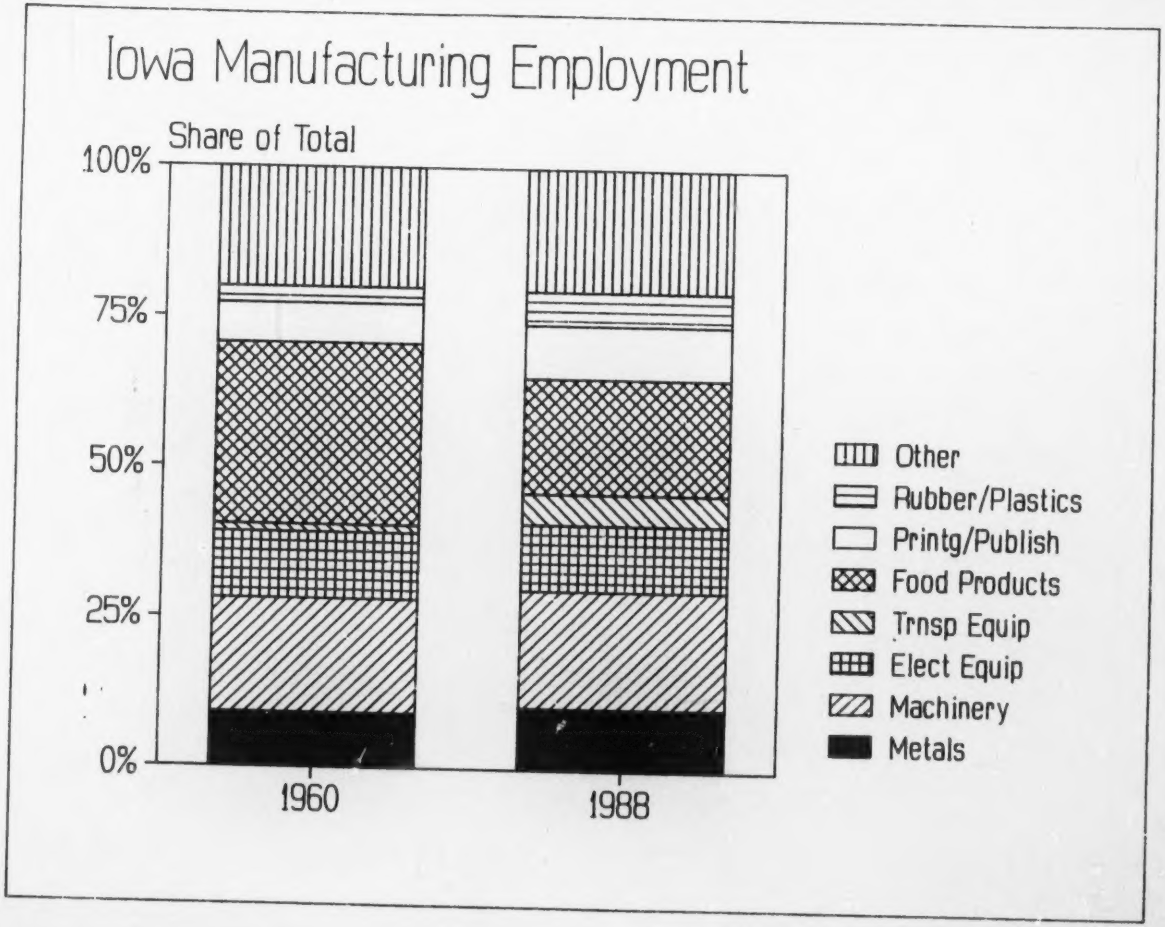



Iowa Demographic Trends
Thousands
3,500
3,000
2,500
2,000
1,500
1,000
500
0
1975
1980
1985
1990
1995
2000
Most Optimistic Projection
Likely Projection
Census Bureau Projection
Non-working Pop.
Farm & Other Employ
Wage & Salary Employ


Iowa Non-Farm Employment
Thousands
1,200
1,000
800
600
400
200
0
1960
1988
Manuf
Min/Const
Trnsp/Uti
Trade
Fin/Ins
Service
Govt


Iowa Non-Farm Employment
Share of Total
100%
75%
50%
25%
0%
1960
1988
Manuf
Min/Const
Trnsp/Uti
Trade
Fin/Ins
Service
Govt


Iowa Manufacturing Employment
Thousands
250
200
150
100
50
0
1960
1988
Other
Rubber/Plastics
Printg/Publish
Food Products
Trnsp Equip
Elect Equip
Machinery
Metals


Iowa Manufacturing Employment
Share of Total
100%
75%
50%
25%
0%
1960
1988
Other
Rubber/Plastics
Printg/Publish
Food Products
Trnsp Equip
Elect Equip
Machinery
Metals

Senator SIMON. We thank you, Representative Groninga. We appreciate your being here.

Next, let me call on Ms. Linda Woloshansky, and I was going to say with that name you should live in Illinois. But if you are from LaPorte, Indiana, you almost live in Illinois. Very happy to have you with us, Ms. Woloshansky.

Ms. WOLOSHANSKY. Thank you, Mr. Chairman, for the opportunity to testify on the draft JTPA amendments of 1988. I am Linda Woloshansky, Executive Director of the Kankakee Valley Job Training Program which serves a six-county area in northwest Indiana. I certainly hope that you will not hold that against me.

I am here today on behalf of the National Association of Counties and its affiliate, the National Association of County Training and Employment Professionals. Recently I received correspondence from your staff suggesting that you would welcome my views on the proposed amendments. I never imagined that in less than a month I would have this opportunity to share my ideas with you here in person and those of the National Association of Counties.

Let me start on the distribution formula. The draft legislation proposes to increase the formula factor for economic and disadvantaged from one-third to one-half, and to reduce the excess and substantial unemployment factors from one-third to one-fourth each. While we are concerned that some areas may be receiving a disproportionate share of funds in the current formula, we are not convinced that the proposed formula change would correct the problem.

A June 3rd report prepared by the Congressional Research Service assessed the effect of the proposed formula changes on the States' Title II-B funds. The report clearly shows that the proposed formula change would make each State's allocation more closely reflect its share of the economically disadvantaged population. However, it also shows that some large States with high concentrations of economically disadvantaged residents would receive a significant cut in funds, while others with a lower concentration would receive a significant increase. Our major concern today is that a drastic cut in funds could seriously disrupt services and adversely affect the credibility of the JTPA program at both the State and the local levels.

Mr. Chairman, the greatest impact in the proposed formula change would be felt by local service delivery areas, such as the one that we operate in LaPorte. Yet the report that the Congressional Research Service was asked to prepare only reflects the effect that the formula change would have on States. We strongly recommend that the subcommittee request a similar report showing the effects on local service delivery areas. At a minimum, the report should show how the proposed formula change would affect funding and services in each service delivery area. Only after assessing how each area would be affected will we be in a position to know what changes, if any, are warranted.

There are several other concerns that must be kept in mind as you consider options for changing the formula to increase funds for areas with a high concentration of economically disadvantaged residents. First, the data base does not reflect current information. The Labor Department uses the 190 census report to estimate the number of economically disadvantaged residents in each State. In testimony before this committee on June 8th, ABT Associates Inc. testified that the economically disadvantaged population is very mobile. This means we can never be sure that funds are going to areas with the highest concentration of economically disadvantaged until we have access to current information.

Another concern that must be kept in mind about a formula change is the impact it would have on eligible clients' access to services in all areas. Before any formula change is adopted, we strongly urge the subcommittee to consider the impact it could have on the availability of services in both rural and urban areas. Some level of parity must be maintained to ensure that all areas get a fair share of funds to address the employment and training needs of eligible clients in their communities.

The last concern is the stability of funds at the local level. This is a critical issue since any significant changes in funds could impair the ability of service delivery areas to establish an effective delivery system for their eligible residents. We urge the subcommittee to avoid formula changes that would cause a drastic fluctuation in local funds from year to year. NACO strongly supports the 90 percent hold-harmless provision embodied in the within-State distribution formula under Title II of the Act currently in place.

Now, on the PIC composition, the bill also proposes to change the composition of the local Private Industry Councils. In our view, the PIC's in most local areas are working very well under current rules, and we question the need for a change.

We do not understand how reducing business representatives on the PIC will improve its performance. As you know, these representatives play a vital role in helping each service delivery area to identify jobs and training needs in the local labor market area. We would not like to see any changes that would undermine their participation.

On the challenge grant program, we really applaud your looking at this particular area. We would like to indicate that we feel that the local delivery system is capable of taking on new initiatives on a formula or competitive basis with additional dollars and flexibility. In fact, some of the activities mentioned in the bill are already being provided by some local service delivery areas. For example, in Kankakee Valley, we operated a successful project called the "Starke County Partners in Education Program." This project helped at-risk youth improve their communication skills, while providing labor market information to help county residents improve their career awareness. Through the production of a series of videotapes about local career opportunities which were aired on cable television, at-risk youth and the general viewing public were able to improve their basic communication skills, work readiness, and career life planning skills. We were joined in sponsoring the project by three local high school corporations, several local businesses, and a State program.

We fully support the provision in the bill that would increase the 10 percent window to the 15 percent that you propose in the amendments. This would provide local areas the flexibility they need to serve other client groups such as at-risk youth who may not be economically disadvantaged.

In summary, Mr. Chairman, we urge the subcommittee to carefully examine the impact that the proposed formula change would have on the local service delivery system. We further urge that changes be avoided that would cause a drastic reduction in funds, adversely affect the stability of local funds, or significantly reduce the accessibility that eligible clients in rural and urban areas would have to employment and training services.

Thank you for this opportunity to testify.

[The prepared statement of Ms. Woloshansky follows:]

NATIONAL
ASSOCIATION
of
COUNTIES

440 First St. NW, Washington, DC 20001
202/393-6226

STATEMEMT OF

LINDA WOLOSHANSKY

EXECUTIVE DIRECTOR OF THE KANKAKEE VALLEY

JOB TRAINING PROGRAM

LAPORTE COUNTY, INDIANA

ON BEHALF OF

THE NATIONAL ASSOCIATION OF COUNTIES

AND THE

NATIONAL ASSOCIATION OF COUNTY TRAINING AND

EMPLOYMENT PROFESSIONALS

BEFORE THE

SENATE EMPLOYMENT AND PRODUCTIVITY SUBCOMMITTEE

SEPTEMBER 22, 1988

WASHINGTON, DC

THANK YOU MR. CHAIRMAN FOR THE OPPORTUNITY TO TESTIFY ON THE DRAFT JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1988. I AM LINDA WOLOSHANSKY, EXECUTIVE DIRECTOR OF THE KANKAKEE VALLEY JOB TRAINING PROGRAM WHICH SERVES A SIX-COUNTY AREA IN NORTHWEST INDIANA. I AM HERE TODAY ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES (NACo)* AND ITS AFFILIATE, THE NATIONAL ASSOCIATION OF COUNTY TRAINING AND EMPLOYMENT PROFESSIONALS.

FIRST LET ME SAY WE APPLAUD YOUR EFFORTS TO IMPROVE EMPLOYMENT AND TRAINING OPPORTUNITIES FOR ECONOMICALLY DISADVANTAGED YOUTH. WE AGREE THAT FUNDS AVAILABLE TO SERVE THIS POPULATION ARE CRITICALLY INSUFFICIENT. IT IS ESTIMATED THAT LESS THAN 3 PERCENT OF THE ELIGIBLE POPULATION CAN BE SERVED WITH THE CURRENT TITLE II APPROPRIATIONS. CONSEQUENTLY, WE AGREE THAT THESE LIMITED RESOURCES MUST BE DISTRIBUTED EQUITABLY TO

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* THE NATIONAL ASSOCIATION OF COUNTIES IS THE ONLY NATIONAL ORGANIZATION REPRESENTING COUNTY GOVERNMENT IN THE UNITED STATES. THROUGH ITS MEMBERSHIP, URBAN, SUBURBAN, AND RURAL COUNTIES JOIN TOGETHER TO BUILD EFFECTIVE, RESPONSIVE COUNTY GOVERNMENT. THE GOALS OF THE ORGANIZATION ARE TO: IMPROVE COUNTY GOVERNMENT; SERVE AS THE NATIONAL SPOKESMAN FOR COUNTY GOVERNMENT; ACT AS LIAISON BETWEEN THE NATION'S COUNTIES AND OTHER LEVELS OF GOVERNMENT; AND ACHIEVE PUBLIC UNDERSTANDING OF THE ROLE OF COUNTIES IN THE FEDERAL SYSTEM.

ENSURE THAT ELIGIBLE CLIENTS IN ALL AREAS HAVE ACCESS TO JOB TRAINING AND PLACEMENT ASSISTANCE.

THE MAJOR AIM OF THE DRAFT LEGISLATION BEFORE US IS TO BETTER TARGET LIMITED FEDERAL RESOURCES TO THE ECONOMICALLY DISADVANTAGED. TO ACHIEVE THIS GOAL, THE BILL PROPOSES THREE MAJOR CHANGES IN THE CURRENT LEGISLATION (JOB TRAINING PARTNERSHIP ACT): AMEND THE TITLE II DISTRIBUTION FORMULA TO INCREASE THE AMOUNT OF FUNDS ALLOCATED TO AREAS ON THE BASIS OF THEIR RELATIVE SHARE OF THE ECONOMICALLY DISADVANTAGED POPULATION; MODIFY THE COMPOSITION OF THE PRIVATE INDUSTRY COUNCIL TO REDUCE THE PERCENTAGE OF BUSINESS REPRESENTATIVES; AND CREATE A NEW "CHALLENGE GRANT" PROGRAM TO ENCOURAGE AT-RISK YOUTH TO STAY IN SCHOOL AND IMPROVE THEIR BASIC AND EMPLOYABILITY SKILLS.

THE UNDERLINED ASSUMPTION BEHIND THIS BILL IS THAT THE CURRENT DISTRIBUTION FORMULA FAILS TO PROVIDE SUFFICIENT FUNDS TO AREAS WITH THE HIGHEST CONCENTRATION OF ECONOMICALLY DISADVANTAGED RESIDENTS. THIS ASSUMPTION IS SUPPORTED BY THE FACT THAT ONLY ONE-THIRD OF THE FUNDS UNDER THE CURRENT FORMULA IS ALLOCATED TO STATE AND LOCAL AREAS ON THE BASIS OF THEIR RELATIVE SHARE OF THE ECONOMICALLY DISADVANTAGE POPULATION, WHILE TWO-THIRDS ARE ALLOCATED ON THE BASIS OF THEIR RELATIVE SHARE OF THE UNEMPLOYED POPULATION. THE BILL FURTHER ASSUMES THAT THERE

IS VERY LITTLE OVERLAP BETWEEN THE UNEMPLOYED AND ECONOMICALLY DISADVANTAGED RESIDENTS. THE PROBLEM THAT THE BILL ATTEMPTS TO CORRECT IS THE DISCREPANCY BETWEEN THE ELIGIBILITY CRITERIA, WHICH REQUIRES AT LEAST NINETY PERCENT OF THE PARTICIPANTS TO BE ECONOMICALLY DISADVANTAGED, AND THE DISTRIBUTION FORMULA, WHICH ALLOCATES ONLY ONE-THIRD OF THE FUNDS TO ASSIST THESE CLIENTS.

THE NACO MEMBERSHIP CONSISTS OF COUNTIES THAT RANGE IN POPULATION FROM THE SMALLEST, WITH ONLY A FEW HUNDRED RESIDENTS, TO THE LARGEST WITH APPROXIMATELY EIGHT MILLION RESIDENTS. WE HAVE LONG BEEN IN SUPPORT OF A FAIR DISTRIBUTION FORMULA THAT ENSURES EACH AREA AN EQUITABLE SHARE OF FUNDS. ELIGIBLE CLIENTS SHOULD HAVE ACCESS TO EMPLOYMENT AND TRAINING SERVICES REGARDLESS OF WHETHER THEY RESIDE IN A SMALL RURAL AREA OR A DENSELY POPULATED AREA.

DISTRIBUTION FORMULA

THE DRAFT LEGISLATION PROPOSES TO INCREASE THE FORMULA FACTOR FOR ECONOMICALLY DISADVANTAGED FROM ONE-THIRD TO ONE-HALF, AND REDUCE THE EXCESS AND SUBSTANTIAL UNEMPLOYMENT FACTORS FROM ONE-THIRD TO ONE-FOURTH EACH. WHILE WE ARE CONCERNED THAT SOME AREAS MAY BE RECEIVING A DISPROPORTIONATE SHARE OF FUNDS UNDER

THE CURRENT FORMULA, WE ARE NOT CONVINCED THAT THE PROPOSED FORMULA CHANGE WOULD CORRECT THE PROBLEM.

A JUNE 3 REPORT PREPARED BY THE CONGRESSIONAL RESEARCH SERVICE ASSESSED THE EFFECT OF THE PROPOSED FORMULA CHANGES ON STATES' TITLE II-B FUNDS. THE REPORT CLEARLY SHOWS THAT THE PROPOSED FORMULA CHANGE WOULD MAKE EACH STATE'S ALLOCATION MORE CLOSELY REFLECT ITS SHARE OF THE ECONOMICALLY DISADVANTAGED POPULATION. HOWEVER, IT ALSO SHOWS THAT SOME LARGE STATES WITH HIGH CONCENTRATIONS OF ECONOMICALLY DISADVANTAGED RESIDENTS (TEXAS-6.18%, ILLINOIS-4.12%, MICHIGAN-3.50%, AND LOUISIANA-2.29%) WOULD RECEIVE A SIGNIFICANT CUT IN FUNDS, WHILE OTHERS WITH A LOWER CONCENTRATION (HAWAII-.48%, MAINE-.54%, MINNESOTA-1.42%, AND VIRGINIA-2.00%) WOULD RECEIVE A SIGNIFICANT INCREASE. OUR MAJOR CONCERN IS THAT A DRASTIC CUT IN FUNDS COULD SERIOUSLY DISRUPT SERVICES AND ADVERSELY AFFECT THE CREDIBILITY OF THE JTPA PROGRAM AT BOTH THE STATE AND LOCAL LEVEL.

MR. CHAIRMAN THE GREATEST IMPACT OF THE PROPOSED FORMULA CHANGE WOULD BE FELT BY LOCAL SERVICE DELIVERY AREAS. YET, THE REPORT THAT THE CONGRESSIONAL RESEARCH SERVICE WAS ASKED TO PREPARE ONLY REFLECTS THE EFFECT THAT THE FORMULA CHANGE WOULD HAVE ON STATES. WE STRONGLY RECOMMEND THAT THE SUBCOMMITTEE REQUEST A SIMILAR REPORT SHOWING THE EFFECTS ON LOCAL SERVICE DELIVERY AREAS. AT A MINIMUM, THE REPORT SHOULD SHOW HOW THE

PROPOSED FORMULA CHANGE WOULD AFFECT FUNDING AND SERVICES IN EACH SERVICE DELIVERY AREA. ONLY AFTER ASSESSING HOW EACH AREA WOULD BE AFFECTED WILL WE BE IN A POSITION TO KNOW WHAT CHANGES, IF ANY, ARE WARRANTED.

THERE ARE SEVERAL OTHER CONCERNS THAT MUST BE KEPT IN MIND AS YOU CONSIDER OPTIONS FOR CHANGING THE FORMULA TO INCREASE FUNDS FOR AREAS WITH A HIGH CONCENTRATION OF ECONOMICALLY DISADVANTAGED RESIDENTS. FIRST, THE DATA BASE DOES NOT REFLECT CURRENT INFORMATION. THE LABOR DEPARTMENT USES THE 1980 CENSUS REPORT TO ESTIMATE THE NUMBER OF ECONOMICALLY DISADVANTAGED RESIDENTS IN EACH STATE. IN TESTIMONY BEFORE THIS COMMITTEE ON JUNE 8, ABT ASSOCIATES INC. TESTIFIED THAT THE ECONOMICALLY DISADVANTAGED POPULATION IS VERY MOBILE. THIS MEANS WE CAN NEVER BE SURE THAT FUNDS ARE GOING TO AREAS WITH THE HIGHEST CONCENTRATION OF ECONOMICALLY DISADVANTAGED UNTIL WE HAVE ACCESS TO CURRENT INFORMATION. IT WAS ALSO POINTED OUT IN THEIR TESTIMONY THAT "...RESEARCH HAS CONFIRMED THAT THIS POPULATION SHIFTS OVER PERIODS AS SHORT AS FIVE YEARS AND COULD GENERATE A SIZEABLE REDISTRIBUTION OF JTPA DOLLARS."

ANOTHER CONCERN THAT MUST BE KEPT IN MIND ABOUT A FORMULA CHANGE IS THE IMPACT IT COULD HAVE ON ELIGIBLE CLIENTS' ACCESS TO SERVICES IN ALL AREAS. BEFORE ANY FORMULA CHANGE IS ADOPTED, WE

STRONGLY URGE THE SUBCOMMITTEE TO CONSIDER THE IMPACT IT COULD HAVE ON THE AVAILABILITY OF SERVICES IN BOTH RURAL AND URBAN AREAS. SOME LEVEL OF PARITY MUST BE MAINTAINED TO ENSURE ALL AREAS A FAIR SHARE OF FUNDS TO ADDRESS THE EMPLOYMENT AND TRAINING NEEDS OF ELIGIBLE CLIENTS IN THEIR COMMUNITIES.

THE LAST CONCERN IS THE STABILITY OF FUNDS AT THE LOCAL LEVEL. THIS IS A CRITICAL ISSUE AT THE LOCAL LEVEL SINCE ANY SIGNIFICANT CHANGES IN FUNDS COULD IMPAIR THE ABILITY OF SERVICE DELIVERY AREAS TO ESTABLISH AN EFFECTIVE DELIVERY SYSTEM FOR THEIR ELIGIBLE RESIDENTS. WE URGE THE SUBCOMMITTEE TO AVOID FORMULA CHANGES THAT WOULD CAUSE A DRASTIC FLUCTUATION IN LOCAL FUNDS FROM YEAR TO YEAR. NACO STRONGLY SUPPORTS THE NINETY PERCENT HOLD-HARMLESS PROVISION EMBODIED IN THE WITHIN STATE DISTRIBUTION FORMULA UNDER TITLE II OF THE ACT.

PIC COMPOSITION

THE BILL ALSO PROPOSES TO CHANGE THE COMPOSITION OF THE LOCAL PRIVATE INDUSTRY COUNCIL BY REDUCING THE PERCENT OF REPRESENTATIVES FROM BUSINESS AND INCREASING THE PERCENT OF REPRESENTATIVES FROM LABOR AND OTHER AREAS. IN OUR VIEW, PICS IN MOST LOCAL AREAS ARE WORKING VERY WELL UNDER CURRENT RULES AND WE QUESTION THE NEED FOR A CHANGE.

WE DO NOT UNDERSTAND HOW REDUCING BUSINESS REPRESENTATIVES ON THE PIC WILL IMPROVE ITS PERFORMANCE. AS YOU KNOW, THESE REPRESENTATIVES PLAY A VITAL ROLE IN HELPING EACH SERVICE DELIVERY AREA TO IDENTIFY JOBS AND TRAINING NEEDS IN LOCAL LABOR MARKETS. WE WOULD NOT LIKE TO SEE ANY CHANGES THAT WOULD UNDERMINE THEIR PARTICIPATION.

CHALLENGE GRANT PROGRAM

THE BILL WOULD CREATE A NEW FIVE-YEAR PROGRAM TO INCREASE ASSISTANCE AIMED AT HELPING AT-RISK YOUTH SCHOOL AND IMPROVE THEIR EMPLOYABILITY SKILLS. FIFTY MILLION DOLLARS WOULD BE AVAILABLE FOR GRANTS TO NEW PARTNERSHIPS COMPOSED OF BUSINESS AND COMMUNITY GROUPS. AFTER THE FIRST YEAR OF FUNDING, THE PARTNERSHIPS WOULD BE REQUIRED TO PAY TWO-THIRDS OF THE COST OF THE GRANTS. WE AGREE THAT THERE IS A NEED FOR INCREASED ASSISTANCE FOR AT-RISK YOUTH. HOWEVER, WE QUESTION THE NEED FOR A NEW SYSTEM OF PARTNERSHIPS TO DELIVER THE SERVICES CALLED FOR IN THE BILL.

THE LOCAL DELIVERY SYSTEM IS CAPABLE OF TAKING ON NEW INITIATIVES ON A FORMULA OR COMPETITIVE BASIS WITH ADDITIONAL DOLLARS AND FLEXIBILITY. IN FACT SOME OF THE ACTIVITIES MENTIONED IN THE BILL ARE ALREADY BEING PROVIDED BY SOME LOCAL

SERVICE DELIVERY AREAS. FOR EXAMPLE IN KANKAKEE VALLEY, WE OPERATED A SUCCESSFUL PROJECT CALLED THE "STARKE COUNTY PARTNERS IN EDUCATION." THIS PROJECT HELPED AT-RISK YOUTH IMPROVE THEIR COMMUNICATIONS SKILLS, WHILE PROVIDING LABOR MARKET INFORMATION TO HELP COUNTY RESIDENTS IMPROVE THEIR CAREER AWARENESS. THROUGH THE PRODUCTION OF A SERIES OF VIDEOTAPES ABOUT LOCAL CAREER OPPORTUNITIES, WHICH WERE AIRED ON CABLE TELEVISION, AT-RISK YOUTH AND THE GENERAL VIEWING PUBLIC WERE ABLE TO IMPROVE THEIR BASIC COMMUNICATION SKILLS, WORK READINESS AND CAREER LIFE PLANNING SKILLS. WE WERE JOINED IN SPONSORING THE PROJECT BY THE THREE LOCAL SCHOOL CORPORATIONS, SEVERAL LOCAL BUSINESSES AND A STATE PROGRAM IN.

TO AVOID DUPLICATION AND WASTE, WE URGE THE SUBCOMMITTEE TO USE THE EXISTING SERVICE DELIVERY SYSTEM WHENEVER ADDITIONAL DOLLARS ARE MADE AVAILABLE TO ASSIST ELIGIBLE CLIENTS UNDER THE ACT. WE WOULD ALSO URGE THAT THE MATCHING REQUIREMENT BE DROPPED. PAST EXPERIENCE HAS SHOWN THAT VERY LITTLE ADDITIONAL INCOME HAS BEEN GENERATED FROM THIS REQUIREMENT.

WE FULLY SUPPORT THE PROVISION IN THE BILL THAT WOULD INCREASE ELIGIBILITY WINDOW FROM 10 PERCENT TO 15 PERCENT FOR CLIENTS WHO ARE NOT ECONOMICALLY DISADVANTAGED. THIS WILL PROVIDE LOCAL AREAS THE FLEXIBILITY THEY NEED TO SERVE OTHER CLIENT GROUPS SUCH AS AT-RISK YOUTH WHO MAY NOT BE ECONOMICALLY DISADVANTAGED.

IN SUMMARY MR. CHAIRMAN, WE URGE THE SUBCOMMITTEE TO CAREFULLY EXAMINE THE IMPACT THAT THE PROPOSED FORMULA CHANGE WOULD HAVE ON THE LOCAL SERVICE DELIVERY SYSTEM. WE FURTHER URGE THAT CHANGES BE AVOIDED THAT WOULD CAUSE A DRASTIC REDUCTION IN FUNDS, ADVERSELY AFFECT THE STABILITY OF LOCAL FUNDS, OR SIGNIFICANTLY REDUCE THE ACCESSIBILITY THAT ELIGIBLE CLIENTS IN RURAL AND URBAN AREAS WOULD HAVE TO EMPLOYMENT AND TRAINING SERVICES.

BECAUSE WE ARE NOT CONVINCED THAT THE PROPOSED CHANGE IN THE COMPOSITION OF THE PIC WOULD IMPROVE ITS PERFORMANCE, WE URGE YOU NOT TO CHANGE IT.

IF THE "CHALLENGE GRANT" PROGRAM IS FUNDED WITH ADDITIONAL FUNDS, THE EXISTING LOCAL SERVICE DELIVERY SYSTEM SHOULD BE USED TO PROVIDE THE SERVICES CALLED FOR IN THE BILL.

THANK YOU FOR THE OPPORTUNITY TO TESTIFY. WE WOULD BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.

Senator SIMON. Thank you very much, Ms. Woloshansky, for being here.

We are pleased to welcome not a first-timer here to our committee, William H. Kolberg, the President of the National Alliance of Business. Very pleased to have you here.

Mr. KOLBERG. Thank you very much, Mr. Chairman. I appreciate the opportunity to testify before you again today.

We are pleased that you are beginning the congressional debate on the Job Training Partnership Act at this time. Mr. Chairman, we have recently completed a new publication, "Shaping Tomorrow's Workforce: A Leadership Agenda for the '90s." I would like to submit the entire publication for review by the subcommittee because it bears directly on the subject of this hearing today. I hope that we could discuss it further with the subcommittee at a later date.

Today, I want to spend my time commenting on two of the new proposed amendments which you have included in your bill. The first amendment I wish to comment on would change the composition of the Private Industry Councils. Frankly, I do not understand why it is necessary to propose such a basic change in the composition of PIC's at this time when the current structure has, in our view, proven effective, was developed over time based on sound public policy principles, and has always in the past been supported on a bipartisan basis. The draft bill would eliminate the business majority membership on the councils and would reduce the flexibility currently available in the mix of other members by adding specific percentages to specific representative interests.

Based upon a number of studies that we and others have done over the past five years, as well as our own deep involvement in the development of the JTPA system, we believe that business involvement has helped to improve the public's perception of the program; has created an entree to the local employer community; has leveraged additional dollars, both public and private, for the program; has brought a more efficient and cost-effective management style to program operation; and has ensured that training and program services were directed to private sector occupations demanded in the local communities.

One could argue that changing the private sector membership requirement from 51 percent to 50 percent would not make much of a different. However, Mr. Chairman, that argument only illustrates to us more clearly that there is no reason to make a change other than to deliberately send a strong message to the job training partnership system and to employers that private sector involvement is not as important as it used to be. If that is a true sentiment, it represents a major shift in job training policy; and symbolic or not, it will have a major impact on the level and the quality of private sector participation.

As you know, business participation in JTPA is all voluntary and it is all discretionary, and therein lies the delicate balance that concerns us. You cannot make this kind of symbolic change in the business identity of the Private Industry Councils or change the perceived roles and responsibilities asked of business leaders, and pretend that you can maintain the same private sector commitment to the program over time.

I can tell you, Mr. Chairman, from extensive conversations with business leaders in this program that you will lose many of them if you begin to make these kinds of changes that seem to undermine the private sector identity of the PIC's and erode the public/private partnership approach to attacking unemployment.

Another issue that concerns us and others is the issue you raised earlier, Mr. Chairman, that of union representation on Private Industry Councils. We certainly understand the concern that in some local service delivery areas, organized labor may not be adequately represented on Private Industry Councils. However, the statute already provides the flexible authority for our local elected officials to appoint even more than the 25 percent of Private Industry Councils from organized labor than your bill would, if this is appropriate to their community.

Not every service delivery area has a substantial union presence; in fact, only about 18 percent of employees in this country are unionized. And in the private sector, where most JTPA participants are to be placed, only 13 percent of employees are unionized nationwide. While in Illinois, your home State, 27 percent of private sector employees were unionized in 1982, the figure was 10 percent in Texas and very much less in a number of other smaller States.

The proposed amendment also allows "representatives of workers" as individuals who could be counted to comply with the 25 percent. I would assume that it is intended as a solution to the problems we are talking about, but the imprecise nature of the term raises practical problems that need to be addressed. In other areas where there is little union representation, it is unlikely that these representatives of workers would bring the same knowledge and resources to the PIC that high level labor representatives would.

Let me turn now quickly to the new proposed program of challenge grants. It seems to have two objectives: to respond to a concern that not enough funds are being provided, and to try to explore certain areas in more depth.

The problem, Mr. Chairman, as we see it, is not one of authorization, but, rather, of significant cuts in the overall JTPA funding over the last five years. Title II funds have decreased from $1.89 billion for program year 1984 to a proposed $1.79 billion for program year 1989. However, when inflation is accounted for, the real decrease over the past five years is 22 percent. Research and evaluation and pilot and demonstration programs in 1988 totaled $57.1 million, and for 1989 the proposed level is only $43.6 million, a decrease of almost 25 percent.

I will conclude my statement with this. It seems to us, Mr. Chairman, that your challenge grant proposal goes in the right direction: Federal leadership, more research, more demonstration. But I do not think it is required. I believe that there is plenty of flexible authorization in the bill. It seems to us that what is beginning to happen is that we are holding this program level over the last five years, thereby defeating the kind of leadership that I think you want in the program. Thank you very much.

[The prepared statement of Mr. Kolberg follows:]

TESTIMONY
OF THE
NATIONAL ALLIANCE OF BUSINESS
BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

ON THE JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1988

SEPTEMBER 22, 1988

Mr. Chairman, I appreciate the opportunity to testify on the proposed Job Training Partnership Act amendments of 1988.

I am William H. Kolberg, President of the National Alliance of Business. The Alliance is the only national organization led by and representing business in the specific area of job training, employment, and human resource development for the nation's unemployed and disadvantaged. In this role, the Alliance has spent over twenty years working with various employment and training systems and analyzing the relative merits and drawbacks of different delivery structures and programs.

We are pleased that you are beginning the congressional debate on the Job Training Partnership Act at this time. With over four full years of programmatic experience, it is time for Congress, as well as the JTPA system, to analyze the legislation and discuss whether changes need to be enacted. As you are aware, the Secretary of Labor has convened a National JTPA Advisory Committee and has encouraged the convening of a number of regional and state forums to examine various aspects of the Job Training Partnership Act programs and structures. This two-pronged effort -- congressional and executive branch -- cannot help but to arrive at constructive suggestions for improving the legislation. Your proposed amendments are a valuable contribution to the emerging debate.

Based on our accumulated knowledge about the employment and training system, we at NAB have developed a broad structural framework for programs and policies aimed at improving the quality of America's workforce, which we have spelled out in our new publication "Shaping Tomorrow's Workforce: A Leadership Agenda for the '90s." While I would like to submit the entire publication for review by the Subcommittee, I will highlight some key points here to serve as a basis for more specific comments on the proposed Job Training Partnership Act amendments under consideration today.

1) Public/Private Partnership: Since the public and private sectors have a common interest in effective work preparation, and since the task is too large and complex for either to perform alone, they need to work together to achieve better results. Historically, public and private workforce development programs have largely operated in two separate worlds, with different policies, different structures, different cultures, and little interaction between them. In order for public programs to become more responsive to the needs of the economy, this isolation is being replaced with close cooperation.

2) Coordinated Service Delivery: Given their common interest in building a quality workforce, the many public and private deliverers of education, training, and

employment services should be organized into a unified and coherent service delivery system. The current fragmented system too often leads to duplication of effort and waste of scarce public resources. In addition, the lack of interaction among the various service providers limits individual access to needed services.

3) Program Accountability: Education, training, and employment programs must be attuned to the changing economy to prepare individuals for work. Workforce development programs must be held accountable for the quality of the services they provide to individuals and to employers -- the "consumers" of their services. Holding service providers accountable for their success or failure and using a competitive process to select service providers allows policy makers to improve the efficiency and effectiveness of education, training, and employment efforts.

4) Decentralized Administration: The reorganization and redirection of education, training, and employment programs require new roles for the various levels of government and for the private sector. A dynamic economy demands a flexible workforce development system, and such a system is best administered at the state and local levels. Federal programs that by-pass the states are unlikely to leverage state financial and organizational resources, and are likely to lead to further duplication of effort and program fragmentation. Decentralized administration that vests state and local governments with management responsibility is key to achieving greater flexibility and program coordination.

We are at a time when training and retraining is growing in importance for all workers, but particularly for the economically disadvantaged. We cannot afford fragmentation and duplication in our efforts to prepare workers for a rapidly changing and more competitive economic environment. We at the National Alliance of Business are convinced that these four concepts -- public/private partnership, coordinated service delivery, program accountability, and decentralized administration -- provide a road map for making the best use of our resources. These concepts should be the foundations on which future employment and training programs are built, and should guide our decisions as we consider various proposals to amend the Job Training Partnership Act.

It is in this context that I offer my comments today.

PRIVATE INDUSTRY COUNCIL COMPOSITION

Mr. Chairman, one proposal in your draft bill which appears to be a modest change to JTPA is one of major importance to the nature of the program, in our view, and should be examined thoughtfully before it is advanced. I do not understand why it is necessary to propose such a basic change in the composition of private industry councils at this time when the current structure has proven effective, was developed over time based on sound public policy principles, and has always been supported on a bipartisan basis.

The draft bill proposes to alter the membership composition of local private industry councils, which work in partnership with local elected officials to provide appropriate job and training opportunities to the economically disadvantaged population. The bill would eliminate the business majority membership on the councils and would reduce the flexibility currently available in the mix of other members by adding specific percentages to specific representative interests. The proposal would have the effect of emphasizing administrative compliance and process over program flexibility and effectiveness.

We do not oppose making any changes to the Job Training Partnership Act, but what new evolution of public policy principles, based on our experience, has brought us to this proposed change?

The Job Training Partnership Act was built on an innovative policy decision to involve the private sector in public programs. The design of JTPA purposefully went the extra step to establish a formal working structure for business in partnership with local elected officials. It is an unprecedented effort to leverage private resources and expertise for public purposes. The public/private partnership model that was incorporated into JTPA was based on many years of practical experience and on the evolution of public policy objectives over nearly two decades.

Based on cumulative experience with the Comprehensive Employment and Training Act (CETA) program, the Congress sought in 1978 to encourage and promote private sector involvement in all CETA programs. As a result in 1978 the Congress established a new Private Sector Initiative Program (PSIP) as a new title VII under CETA, based on the recommendations and strong support of President Carter. It was designed to encourage local governments (or CETA "prime sponsors") to work more closely with private sector employers. Because that program was effective in forging strong relationships between government and business, the private sector initiative program was reauthorized in 1980 through fiscal year 1982.

The Job Training Partnership Act of 1982 was built on the private sector initiative program of 1978. In 1982, Congress recognized the need to make the private sector a full partner with the prime sponsors in the design and implementation of all employment and training programs.

By 1982, there was a clear bipartisan consensus in both the House and Senate that increased private sector involvement in job training programs was an important priority in federal policy. The Senate report on JTPA stated that: "As the first need for this new program is to strengthen private sector involvement, the composition of the PIC is private sector oriented. A majority of the members of the council must be representatives of private business, including small business, who have substantial management or policy responsibility". (S. Rept. 97-469, pp.13-14)

The House report stated: "...the committee desires that a partnership with the private sector be established in all service areas to increase the consideration of the employment and training needs of that sector in the provision of services...In order to assure vital private sector participation in activities funded under this Act while retaining essential public accountability for the use of federal funds, the Committee bill establishes an equal partnership between the unit or units of local government in the prime sponsor area and a business and industry-dominated Private Industry Council." (H. Rept. 97-537, p. 9)

There is strong evidence that business involvement has had positive benefits. In 1986, we conducted a nationwide survey among the public and private partners in the system, in cooperation with the U.S. Department of Labor and the National Commission for Employment Policy, to see how the partnership was working and whether business involvement made a difference. I mention it because the overwhelmingly positive findings at all levels of the job training system bolstered our confidence that the partnerships were on the right track and were working.

Additionally, in roundtable discussions we have held during 1988, both JTPA professionals and volunteers indicated to us that business participation in JTPA has made a substantial and positive difference to the system. Representatives from both public and private sectors told us that business involvement has helped to improve the public's perception of the program; has created an entree to the local employer community; has leveraged additional dollars, both public and private, for the program; has brought a more efficient and cost effective management style to program operation; and has ensured that training and program services were directed to private sector occupations demanded in the local communities.

Principles for involving business in these programs have been incorporated to varying degrees in federal statute under the Private Sector Initiative Program of 1978, PSIP Extension Act of 1980, Job Training Partnership Act of 1982, Carl D. Perkins Vocational Education Act of 1984, and, in practice, through job service employer committees, which are connected to most local public employment security offices authorized under the Wagner-Peyser Act. Now it is being incorporated in the education and training initiatives under welfare reform legislation in 1988. There are many state level initiatives mirroring the same trend.

The whole purpose of the public/private partnership is to bring private sector resources and jobs into this program to help solve the unemployment problems of the disadvantaged.

The proposal in this draft bill suggests that there is now something wrong with that private sector involvement that must be changed. For the sake of good public policy, I think we have a responsibility to discuss honestly what the problems are that this proposal intends to fix, what the rationale is for changing what appears to be an effective policy, and whether this change is the best solution to the specific problems.

Even if you were to argue that on a practical level the proposal only changes the private sector membership requirement from 51 percent to 50 percent and would not make a great difference, that argument only illustrates more clearly that there is no reason to make the change other than to deliberately send a strong message to the job training system and to employers that private sector involvement isn't as important as it use to be. If that is a true sentiment, it represents a major shift in job training policy, and, symbolic or not, it will have a major impact on the level and quality of private sector participation.

As you know, business participation in JTPA is all voluntary and discretionary, and therein lies the delicate balance that concerns us. You cannot make this kind of change in the business identity of the private industry councils, or change the perceived roles and responsibilities asked of business leaders, and pretend that you can maintain private sector commitment to the program over time.

I can tell you from extensive conversations with business leaders in the program that you will lose them if you begin to make changes like this that undermine the private sector identity of the PICs and erode the public/private partnership approach to attacking unemployment.

Another issue concerns union representation on the private industry councils. Your letter seeking comments on the draft bill states that organized labor has felt under represented on private industry councils. It seems to me that a legitimate public policy question to discuss is: under representation in relation to what?

If it is in relation to the other members of the private industry council, then it is important to clarify what the purpose of the council is, and what the congressional expectation is for what each of the members can contribute to the council.

I would argue strongly from experience that there is no way you can possibly prescribe at the federal level the right mix of institutional actors and leaders appropriate for each community in a manner that can effectively meet the goals of the Act. If there is a problem, I am not convinced that this simple reaction of increasing numbers is the appropriate solution.

There is no question that organized labor has an enormously valuable contribution to make to the functions of the private industry council and to the development of local job training programs. Many of those responsibilities are implied in the law already in the form of labor standards, appeal procedures, displacement and collective bargaining protections, and we are all familiar with them. The links of labor with traditional apprenticeship training programs and non-traditional occupational training programs are valuable resources to local training systems.

Under representation of any particular point of view or expertise, whether it is community colleges, vocational education, vocational rehabilitation, economic development, public employment services, welfare agencies, or community based organizations, is more a function of the quality of leadership, or having the right people, than of numbers. You cannot legislate leadership among the members nor legislate the exercise of appointment authority by local elected officials in choosing the best leadership from individuals in the community.

The composition of the private industry councils should reflect the balance of skills, knowledge, and resources which the members, in representing different segments of the community, can contribute to the employment and training effort. The purpose of the councils should be to ensure that JTPA programs provide relevant skills training which leads to job placements in the private sector, while coordinating and effectively utilizing all relevant resources. The private industry councils should have the composition which best helps them achieve this purpose.

The Alliance understands the concern that, in some local service delivery areas, organized labor is not adequately represented on the private industry councils. But because appropriate representation will vary from area to area, a flat 25 percent requirement would be counter productive. Rather, legislation could require elected officials responsible for appointing members to the private industry councils to ensure that labor is adequately represented. The legislation might further allow state and local labor organizations or building trades councils to appeal decisions on PIC composition to their governors, and if necessary, to the Secretary of Labor.

I am not convinced that this issue is a statutory problem. The statute currently provides the flexible authority for local elected officials to appoint more than 25 percent of private industry council members from organized labor, if appropriate to their communities. Some elected officials may not take their appointment authority seriously enough in seeking out the most effective leaders from their communities, but the important federal precedent of allowing local flexibility is critical to maintain in order to have a responsive program able to meet local labor market needs.

Not every service delivery area has a substantial union presence; in fact only 17 to 18 percent of employees in this country are unionized. And in the private sector, where most JTPA participants are to be placed, only slightly more than 13 percent of employees are unionized nationwide.

The proposed amendment also allows "representatives of workers" as individuals who could be counted on to comply with the 25 percent membership requirement. One can only guess what is meant by this term. I would assume that it is intended as a solution to the problems of states and local service delivery areas with a very low percentage of organized labor, but the imprecise nature of the term raises practical problems that need to be addressed. Are these members representing the fact that they are employed and therefore representative of workers? Are they the public at large? What is their role in the context and function of the private industry council?

In those areas where there is little union representation, it is unlikely that "representatives of workers" would bring the same knowledge and resources to the PICs that high level labor representatives could. Worker representatives do not have connections to the training and apprenticeship programs that union representatives do, nor are they experts in wage and labor regulations.

I would also point out that the percentage quotas may have the unintended effect of reducing representation from key institutions and agencies related to job training services that should be coordinated with JTPA. At a time when scarce public resources has increased efforts at coordination among related programs, the leadership role-given to the local partnership under JTPA to initiate coordination should not be minimized.

The point I hope to make is that numbers will not necessarily enhance the quality of representation nor the achievement of the primary goals of the legislation.

The private industry council was never intended to be broadly representative of the population at large nor of all the potential groups interested in job training, and on a practical level it never could be. If that is the type of council envisioned, which will then become truly advisory, if not ceremonial, it is a major change from the approach of an entire decade and should be discussed as such.

CHALLENGE GRANTS

The proposed program of grants seems to have two objectives: to respond to a concern that not enough funds are being provided for selected activities under the Job Training Partnership Act legislation, and to try to explore certain areas in more depth through greater research and experimentation. Our evaluation of your proposal suggests to us that, as structured, a separate authorization for these purposes is unnecessary.

While your proposal would add more funds, most of the programs proposed as Challenge Grant projects are being operated in some form under existing legislation, and participant eligibility for the grant projects remains the same as that under JTPA.

We suggest that the problem is not one of authorization, but rather of overall JTPA funding. The ability of states and service delivery areas to provide basic employment and training services to JTPA participants has declined over the program's history, as appropriations for Title II-A have gone from $1.89 billion for program year 1984, to $1.81 billion for program year 1988, to a proposed $1.79 billion for program year 1989. When inflation is accounted for, the real decrease in program services is even more apparent: from program years 1984 to 1989, funding in real dollars will have decreased 22 percent. Research and evaluation and pilot and demonstration programs, which the Challenge Grant proposal appears to address more directly, have been hit even harder.

Appropriations for program year 1988 totaled $ 57.1 million, for program year 1989 the proposed level is only $ 43.6 million -- a decrease of almost 25 percent.

Greater funding for either Title II-A programs or for research and development activities carried out under Title IV will undoubtedly result in greater funding for the areas cited in your proposal, without requiring new authorizations or funding mechanisms. If however you are convinced that emphasis on these areas is required through a special program, we have some suggestions for reshaping the Challenge Grant proposal.

The proposal establishes a program of fairly short-term projects that run the risk of being funded outside the regular JTPA planning process and operated without regard to existing programs and services. The projects will thus not take advantage of appropriate outreach, assessment, placement, and other activities in the community, and could result in an inefficient use of public monies.

Funded directly by the federal government to the partnership authorities, the programs could also by-pass the very state and local institutions that might provide future funding for the efforts. This compounds the limitation of current efforts that have insufficient mechanisms for capturing and disseminating information about model program designs and demonstration program success.

To avoid these problems and to effect change, the challenge grant projects need to be focused better, have an evaluation and information dissemination component built into them, and be connected to existing JTPA structures.

Congress should specify the information they hope to gain from the grant projects. For example, if the JTPA system is to gain information on how program restrictions are affecting JTPA services, the grant projects should be focused on activities that are not being sufficiently conducted or on participants that are not being sufficiently served under JTPA. We suggest Congress consider projects focused on programs containing more intensive and extensive services than are currently being conducted, and that they be limited to those JTPA-eligible youth who are most at-risk. In this way, the JTPA system could learn whether program restrictions are preventing or inhibiting intensive services to the most at-risk youth.

Rigorous evaluation procedures and information dissemination plans should be included in the proposal so that the results of the Challenge Grant projects can inform the larger JTPA community. The legislation could either require grant recipients to collect information specified by the Department of Labor (which would then be responsible for conducting the evaluations), or it could require grant recipients to conduct specific evaluations. The legislation should also provide funding for the eventual dissemination of project evaluations and techniques in order that any lessons learned can be shared with others in the JTPA community. Funding should be available to the federal government for publication, training, and on-site technical assistance.

Your proposal's objective to include or experiment with a variety of program deliverers or operators is appropriate, but it is crucial for the private industry councils and local elected officials to be involved in the development, planning, and oversight of any Challenge Grant projects in their service delivery areas if the projects are to have influence beyond their financial and geographic limitations. Involvement of the private industry councils and local elected officials will enable the local JTPA authority to coordinate the Challenge Grant projects with existing services in the area and to avoid duplication of efforts. It will also substantially increase the likelihood that local partnership authorities will adopt these programs and include them in their ongoing Title II-A activities.

It is also important to engage the JTPA system in any research from the outset if the Challenge Grant projects are to lead to changes in existing federal employment and training policy. While proper research, development, and evaluation programs provide better information for all of us concerned about helping the disadvantaged, rigorous evaluation can also provide the Congress with the information it needs to recommend changes in JTPA. Involving the private industry councils and local elected officials in planning and oversight of the Challenge Grant projects not only increases the potential for localities continuing to fund and operate successful programs, it increases the likelihood that lessons learned can be adapted and applied to the existing employment and training structure.

Beyond these major restructuring themes, we have a few specific suggestions for reshaping the Challenge Grant legislation.

- Title for the Authorization: Consistent with our view that the Challenge Grants, if conducted, be a part of a rigorous research, development and evaluation effort, we suggest that the Challenge Grant authorization you propose be contained within Title IV of JTPA, rather than within Title II. Both Title II-A and Title II-B provide funding to all states and SDAs through a funding distribution formula, while the Challenge Grant program you are proposing would be a limited grant program conducted largely on a demonstration or experimental basis. Furthermore, the Challenge Grant proposal would require partnerships to apply directly to the

Secretary of Labor for funding; and while Title II does not provide for a direct grant relationship between the Secretary of Labor and local contractors, Title IV does.

- Eligible Partnerships: We are a little confused by your listing of partnerships eligible to apply for the grant. The language seems to suggest that partnerships must contain representatives from all six categories listed in the bill -- business, private industry councils, community-based organizations, state and local educational agencies, institutions of higher education, and libraries. A requirement that representatives from all six categories be included in Challenge Grant partnerships could in some cases lead to partnerships with redundant representation, and in other cases lead to partnerships with irrelevant representation.

While it makes sense to require that PICs be included in all Challenge Grant partnerships, many of the other categories listed for inclusion are already represented on the PICs, and may not require additional representation within a Challenge Grant partnership. Additionally, while it may make sense to expand representation beyond the PICs for some Challenge Grant partnerships, the additional entities that should be involved would vary depending on the program's specific design. We would recommend that you not require representation of any particular entities other than the PICs and local elected officials, but instead suggest that Challenge Grant partnerships include representation from other entities relevant to their particular program proposals. To further encourage broader partnerships appropriate to the particular Challenge Grant projects, you could require that the composition of the partnerships be considered as part of the Secretary's selection criteria.

- Payment: While we support the concept of a local contribution to the Challenge Grant projects, we are concerned that your proposal to provide 100 percent federal funding during the first year, and then only 33 1/3 percent federal funding for succeeding years provides too large a drop in funding after the first year. We suggest that the Challenge Grant projects be "weaned" off federal funds -- the localities should be required to contribute some match money during the first year, and/or the reduction in the federal share should be phased down over time.

  Though Challenge Grant partnerships may have the best of intentions, they may not be able to raise significant amounts of money from non-federal sources during such a short time period. Because of this, many of the Challenge Grant projects may be forced to close down after one year, limiting the amount of useful information that can be gained from a well-conducted demonstration program.

ADDITIONAL COMMENTS

While we have focused our testimony on the composition of the private industry councils and on the proposed Challenge Grant program, we do have some comments on the other changes you have suggested in your draft bill.

- Allotment and Within State Allocation: The National Alliance of Business supports your proposal to strengthen the weight placed on the number of economically disadvantaged individuals in the funding distribution formula. As Abt Associates demonstrated in their study "An Assessment of Funding Allocation Under the Job Training Partnership Act," the current weights in the distribution formula do not adequately distribute funds to the locations where there are the greatest number of JTPA eligibles.

While proposing this shift in funding weights, Congress should also consider another of Abt's recommendations which would increase the stability and the equity of the current formula. Specifically, Congress should consider replacing the two threshold-based unemployment measures (area of substantial unemployment and excess number of unemployed individuals) with a single unemployment factor based on the total number of unemployed individuals in an area. Such a change would eliminate the funding "cliffs" which cause states and SDAs to lose or gain significant amounts of money due to only fractional shifts in their unemployment rates.

There are also a few technical problems which need to be considered regarding the distribution formula. First, it is important that efforts be undertaken to avoid disruption of existing JTPA operations during the transition from the existing funding formula to the new funding formula. It is likely that the 90 percent hold harmless provision currently in the legislation will accomplish this, but Congress should examine the funding shifts that will occur at implementation to determine whether further provisions are necessary.

Second, in increasing the weight in the distribution formula on the number of economically disadvantaged individuals it becomes even more critical that the currency of the economically disadvantaged data be addressed. Some method must be employed to update the 10-year Census figures that are currently used.

Finally, while we support your proposal to restrict the count of the economically disadvantaged used in the distribution formula to those individuals between the ages of 16 and 65 (thus making the count more relevant to the population being served), we are concerned about data availability. While decennial Census data probably does contain data on economically disadvantaged individuals between the ages of 16 and 65, a more current data base may not. Therefore, we recommend that the data availability issue be resolved before enacting a law mandating the age 16 to 65 definition.

- Eligibility for Services: We do not favor an expansion of service to individuals who do not meet the economically disadvantaged eligibility criteria. It is true that programs focused only on the disadvantaged can stigmatize participants, but with limited funds available, it would appear preferable to maintain JTPA's current focus on the disadvantaged.

  SDAs have not had trouble meeting the current requirement that 90 percent of their participants be economically disadvantaged; in program year 1986, 93 percent of those served nationwide met the criteria. More important, there is some concern that the JTPA system is not now reaching far enough down the queue of eligible participants to serve those in the greatest need. Allowing SDAs to serve a greater percentage of individuals who do not meet the economically disadvantaged eligibility criteria would seem to exacerbate this problem.

- Definition of Youth: We support your proposal to expand the definition of youth to those individuals aged 14 through 21. Many SDAs are already serving 14 and 15 year olds, and recent studies have shown that earlier interventions are necessary, and usually more effective, in serving at-risk youth.

CONCLUSION

In summary, Mr. Chairman, I would like to reemphasize the two main points of my testimony.

First, we believe that the existing composition of the private industry councils, which requires a business majority and gives the local level the flexibility to develop the remainder of the council in response to local conditions and priorities, best serves the goals of the Job Training Partnership Act: *to prepare economically disadvantaged adults and youth and dislocated workers for private sector employment.* The private industry councils, as currently structured, also serve a critical role in assuring that the four key concepts needed for avoiding fragmentation and duplication of efforts in preparing workers for private sector employment -- *public/private partnerships, coordinated service delivery, program accountability, and decentralized administration* -- are in place at the local level.

Second, while the program of Challenge Grants you have proposed could provide valuable information on ways to restructure the employment and training activities conducted under JTPA, we feel that this could be better accomplished by increasing the appropriations for existing JTPA programs and demonstration projects. Increased funding of JTPA programs and, specifically, research, demonstration, and evaluation projects will strengthen the federal government's ability to take on a leadership role in developing innovative solutions to workforce development problems.

Should you continue to feel that it is necessary to pursue targeted activities under a Challenge Grant approach, I strongly encourage you to focus on a limited number of areas that require further exploration, and design an approach that will foster increased knowledge nationally on program successes and greater opportunity for program continuation at the local level.

I want to thank you for inviting me to testify on your proposed amendments. I would be happy to answer any questions you may have.

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Senator SIMON. Thank you for being here.

Our final witness is Mr. Granville McCormick. Very happy to have you with us here.

Mr. McCORMICK. Thank you. Mr. Chairman, I appreciate the opportunity to appear before you to discuss your draft bill.

I am Granville McCormick, Chair of the Seattle-King County Private Industry Council in the State of Washington. I am appearing today on behalf of the National Association of Private Industry Councils, NAPIC, on whose board I serve as Chair of the Issues Committee.

NAPIC is the only national membership organization representing Private Industry Councils. Our membership includes some 370 PIC's and several State Job Training Coordinating Councils.

Mr. Chairman, the elements of the proposal before the subcommittee would each affect the JTPA system in important ways. Our purpose in testifying today is to explore some of the consequences of the policy proposals. I will restrict my remarks to several of these.

We believe that the composition of the PIC should grow out of the mission and goals established for it by the Congress and tailored to local needs and circumstances by the PIC's themselves.

In the original solicitation of comments on the proposal before us, the change in composition of the PIC was described as "some minor modifications in the make-up of the Private Industry Councils." On its surface, we would agree that changing the business representation on PIC's from "a majority" to "50 percent" would appear to be minor. You will find, however, that the change requires a greater adjustment than may be perceived.

In addition, we suspect that limiting government, education and community groups to 25 percent of PIC membership will reduce participation on the part of many groups key to long-term PIC/JTPA goals in such policy arenas as welfare reform, improvement in secondary education, strengthening of post-secondary vocational training, provision of more and better adult literacy programs, and increased services to the most in need of a second chance.

Mr. Chairman, we recognize that the purpose of this proposal is to strengthen job training, not to weaken it. As business volunteers, one would not expect us to support a proposal that reduces business participation. But let me assure you that our concern is not a self-serving one.

We are constantly reminded in this election season that symbols are important. There is no more important symbolic message in the field of job training than that business leadership of PIC's—defined as a business majority on the PIC—marks a new day of public/private partnership in serving the unemployed. This message—that business needs and the employer's knowledge of what it takes to get and keep a job will be carefully weighed when policy is made and programs are funded—brings forth over 8,000 business volunteers at any one time to serve on PIC's; and many times that number during the ten years that Congress has authorized PIC's.

You can be assured that this change, if implemented, would be interpreted by business leaders as a retreat from the principle of public/private partnerships to address problems that manifest important costs both in the private and public sectors. PIC's are one of the few specific institutional examples in Federal law of the principle of shared public/private decision-making.

PIC volunteers have learned through experience that the PIC structure was carefully and appropriately structured to advance the policy of improving education, job training, and job placement for the economically disadvantaged. In other words, while the symbolic message of this change would be adverse, it is more importantly the case that the current structure of the PIC uniquely advances the policy goals set by Congress when it authorized JTPA.

To serve the economically disadvantaged, we need an alliance of business, local education policymakers, community-based organizations, public human resources and development agencies, and organized labor.

Mr. Chairman, it strikes us that the current PIC brings these elements together in the specific mix appropriate to individual community needs because elected officials are free to set the level of representation from each sector, subject only to the requirement of a business majority.

We believe the challenge for PIC's is to continue to improve the effectiveness of individual and institutional representation on PIC's, not to change the mix. NAPIC is committed to this task, and we look forward to working with you on it.

There is one further matter that we hope you will consider in reviewing the structure of PIC's. Existing PIC composition language does not set membership categories according to rigid percentages. The proposal before us would require a PIC to have a size in increments of four. Each resignation would leave the PIC technically out of compliance with the law. The emphasis for elected officials and administrators might switch from seeking proven community leaders to join the PIC, to finding the appropriate category to fill the PIC's mandated structure as quickly as possible.

Mr. Chairman, you expressed a desire that all sectors be "effectively represented" on the PIC. We hold the same expectation and desire. It appears that the current PIC structure and appointment process work quite well. There may be methods of increasing the likelihood that leaders from the various sectors are appointed to the PIC, and we would be pleased to explore this question further with the committee.

Mr. Chairman, our full statement includes details on additional issues raised in the proposed bill. Briefly, we believe that funding stability and adequate funding are important elements of any review of the JTPA allocation formula. We agree that the challenge grants address important areas of public policy that demand additional attention. We look forward to reviewing these issues with the subcommittee.

Mr. Chairman, thank you for inviting NAPIC to comment on your draft bill. We look forward to working with you further on the issues raised. This concludes my remarks.

[The prepared statement of Mr. McCormick follows:]

NATIONAL ASSOCIATION NAPIC OF PRIVATE INDUSTRY COUNCILS

TESTIMONY
OF GRANVILLE McCORMICK
ON BEHALF OF THE
NATIONAL ASSOCIATION OF PRIVATE INDUSTRY COUNCILS

Before The

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

on the

JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1988

September 22, 1988

Suite 600 1015 15th Street, N.W. Washington, D.C. 20005 Telephone 202/289-2950

Mr. Chairman, members of the Subcommittee, I appreciate the opportunity to appear before you to discuss your draft bill, the "Job Training Partnership Act Amendments of 1988."

I am Granville McCormick, Chair of the Seattle-King County Private Industry Council in the State of Washington. I am appearing today on behalf of the National Association of Private Industry Councils (NAPIC) on whose Board I serve as Chair of the Issues Committee.

NAPIC is the only national membership organization representing private industry councils. Our membership includes some 370 PICs and several state job training coordinating councils (SJTCCs). Policy for the association is determined by an elected board of directors comprised principally of business volunteers who are current or former chairs of local PICs.

The major goals of the proposed amendments are to (1) make an important modification to the make-up of private industry councils; (2) seek more careful targeting of JTPA funds to the eligible population through a revision in the allocation formula; and (3) improve the long term employment prospects of certain high-risk populations by encouraging innovative approaches through a competitive grant process.

Mr. Chairman, the three elements of the proposal before the Subcommittee would each affect the JTPA system in important ways. Our purpose in testifying today is to explore some of the consequences of the policy proposals. We look forward to continuing this dialogue in the coming months as the Subcommittee examines a number of issues related to the future of JTPA and PICs.

We believe that the composition of the PIC should grow out of the mission and goals established for it by the Congress and tailored to local needs and circumstances by the PICs themselves. There are two broad directions which might define the future of PICs. First is the imperative need for the U.S. economy to find better methods to absorb and effectively utilize segments of the population that are and have been under utilized, for example, minorities, women, the handicapped, displaced homemakers, and older workers. Second is the equally important need to invest in the current workforce through retraining, upgrading and life-long learning. Both directions are driven by the demographic and economic realities of the final decade of the Twentieth Century; and it is conceivable that PIC mission will include elements of both of these interrelated needs.

In the original solicitation of comments on the proposal before us, the change in composition of the PIC was described as "some minor modifications in the make-up of the Private Industry Councils (PICs)." On its surface, we would agree that changing the business representation on PICs from "a majority" to "50 percent" would appear to be minor. You will find, however, that the change requires a greater adjustment than may be perceived.

In addition, we suspect that limiting government, education and community groups to 25 percent of PIC membership will reduce participation on the part of many groups key to long-term PIC/JTPA goals in such policy arenas as welfare reform, improvement in secondary education, strengthening of post secondary vocational training, provision of more and better adult literacy programs, and increased services to the most in need of a second chance.

Mr. Chairman, we recognize that the purpose of this proposal is to strengthen job training, not to weaken it. We also acknowledge that as business volunteers one would not expect us to support a proposal that reduces business participation. But let me assure you that our concern is not a self serving one.

We are constantly reminded in this election season that symbols are important. And there is no more important symbolic message in the field of job training than that business leadership of PICs -- defined as a business majority on the PIC -- marks a new day of public/private partnership in serving the unemployed. This message -- that business needs and the employer's knowledge of what it takes to get and keep a job will be carefully weighed when policy is made and programs are funded -- brings forth over 8,000 business volunteers at any one time to serve on PICs; and many times that number during the ten years that Congress has authorized PICs.

You can be assured that this change, if implemented, would be interpreted by business leaders from companies across the spectrum of size, product line and geography, as a retreat from the principle of public/private partnerships to address problems that manifest important costs both in the private and public sectors. PICs are one of the few specific institutional examples in federal law of the principle of shared public/private decision-making. PICs were established by Congress and the Carter Administration in 1978 and reaffirmed by an overwhelming bi-partisan vote in Congress in 1983. Any modification of the PIC composition should be done to advance clear and compelling policy goals. Quite frankly, we fail to discern the gains to the unemployed in this proposal.

PIC volunteers have learned through experience that the PIC structure was carefully and appropriately structured to advance the policy of improving education, job training and job placement for the economically disadvantaged. In other words, while the symbolic message of this change would be adverse, it is more importantly the case that the current structure of the PIC uniquely advances the policy goals set by Congress when it authorized JTPA.

As you know, the fundamental purpose of JTPA and its predecessors is to provide job skills, jobs and enhanced earnings to economically disadvantaged individuals. Adults served in our programs are characterized by little or no attachment to the work force, inadequate basic or job specific skills, poor understanding and exposure to workplace discipline and expectations, and/or a variety of other barriers to stable employment including drug dependency, ex-offender status, and a host of institutional discrimination factors such as race, gender and physical or developmental disability. Youth in our programs bring to school and the workplace the multiple problems characteristic of poor families and neighborhoods as well as the problems generated through cycles of poverty and dependency.

To serve these populations, we need an alliance of (1) businesses, especially small and new companies where most entry level jobs occur, (2) local education policymakers at both the secondary and post secondary (community college and vocational school) levels, (3) community based organizations that have the confidence of the eligible population, can represent their needs and concerns and can provide alternatives to mainstream training institutions where appropriate; (4) public agencies, especially human resources and welfare offices, economic development offices with their interest in and knowledge of new jobs, and the employment service; and (5) organized labor whose unions represent many of the best jobs in a community and bring with them a special respect for and knowledge of the rights of workers, shared responsibility for apprenticeship programs, and a special responsibility to ensure that JTPA labor standards and provisions are honored.

Mr. Chairman, it strikes us that the current PIC brings these elements together in the specific mix appropriate to individual community needs because elected officials are free to set the level of representation from each sector, subject only to the requirement of a business majority.

We expect that Congress will continue to charge the PIC with the primary mission described under the first option noted above. This mission poses the enormous task of grappling, along with others, with the problems set forth under the "Workforce 2000" rubric by the U.S. Department of Labor, National Alliance of Business, and various policy and research organizations. To the extent that our prognostication is accurate, the future of PICs is in the areas of school improvement, dropout prevention, more effective education and job training for welfare families, school to work transition among low income youth, second chance education and training for inadequately prepared adults, job creation in economically depressed communities and the like. Under this assumption, we believe the challenge for PICs is to continue to improve the effectiveness of individual and institutional representation on PICs, not to change the mix. NAPIC is committed to this task and we look forward to working with you on it.

Other facts also suggest caution in acting to modify PIC composition. The JTPA system and, therefore, PICs are implementing a number of key changes at this time. We are in some cases restructuring our programs to respond to new performance standards that place a premium on job retention and earning gains rather than placement, and redefine youth employment competencies. We are in the midst of a very tight time frame to take on major new responsibilities for the worker adjustment (dislocated worker) program. Across the country, we are altering our summer and year-round youth programs to place greater emphasis on remediation. Some of us are working to modify our contracting procedures to meet new standards from the U.S. Department of Labor. And, in many states we are key local actors in state welfare reform programs. This last adjustment may soon challenge all PICs should the welfare reform package currently in Congressional conference committee become law. For these reasons, it would not be an opportune time to change PIC composition, asking us to look inward at matters of process, when the need is to focus on new programs and improving coordination among institutions.

There is one other matter that we hope you would consider in reviewing the structure of PICs. Existing PIC composition language does not set membership categories according to rigid percentages. As members resign because they have retired, changed jobs or for whatever reason, the PIC's legal membership balance usually remains intact. Therefore, the appointment process, even if it takes several weeks, does not too often leave us out of compliance with the legislation. The proposal before us would require a PIC to have a size in increments of four. Each resignation would leave the PIC technically out of compliance with the law. The emphasis for elected officials and administrators might switch from seeking proven community leaders to join the PIC, to finding the appropriate category to fill the PIC's mandated structure as quickly as possible. Furthermore, the rigid proportions would probably lead to PICs of 36 or more members to ensure representation for all key institutional and community groups; in spite of the fact that most PICs find that 25 to 30 members is ideal for an active hands-on PIC.

Mr. Chairman, you expressed a desire that all sectors be "effectively represented" on the PIC. We hold the same expectation and desire. As you know, one cannot legislate leadership. But it appears that the current PIC structure and appointment process works quite well in most places. There may be methods of increasing the likelihood that leaders from the various sectors are appointed to the PIC, and we would be pleased to explore this question with you if you like.

At this point, we know that PICs will play an increased role in policy affecting dislocated workers. Whether the PIC future will focus on economically disadvantage groups, experienced workers in need of retraining and upgrading or both remains to be seen. But we would like to suggest that the Subcommittee track carefully the policy and planning process as well as the outcomes for dislocated workers under the Economic Dislocation and Workers Adjustment (EDWAA) Program.

I would now like to turn to the second major issue in the proposed bill -- adjustments to the allocation formula. Mr. Chairman, as you have probably found in the past, it is difficult for a national organization to adopt a position on a particular allocation methodology. Quite simply, some of our members will lose money and oppose a particular change while others will gain and might therefore be expected to support it.

It is difficult to define equity in a system such as JTPA where only a few percent of the eligible can be served in any one year; where the cost of delivering services varies greatly because of geographic and cost-of-living factors; and where need (poverty and unemployment) may not match demand (jobs and long-term growth).

Nonetheless, we do find general consensus in the observation that the current formula is far too volatile. To operate a training system, one needs an infrastructure of training institutions and the ability to generate and meet expectations among users (employers). The fluctuations in JTPA funding make it difficult for training agencies to count on future funding and, therefore to invest in equipment and staff, while employers cannot be certain of the output of trained people from year to year. In both respects, we run the risk of damaging long-term development of the training system.

In short, we believe that the first feature of any allocation formula should be greater stability in year-to-year funding. This seems reasonable as well because of the common sense observation that the size of the JTPA eligible population does not change much from one year to the next in any community.

While the 90 percent hold harmless at the substate level required in the 1986 JTPA Amendments has improved funding stability, it should be noted that funds still move rapidly at the state level to distressed states at the expense of all others. Therefore, we believe the Subcommittee should consider the imposition of a ceiling, as well as the current floor, on the allocation process.

Beyond the need for greater stability in funding, we would suggest that the following principals should apply in any formula modification. They are drawn from the work of Abt Associates and work in progress by the National Job Training Partnership:

1. Fund distribution should more fully reflect the distribution of the eligible population. Since the eligible population is defined by income, the use of unemployment data for two-thirds of the formula would appear to be too high.

2. Data on the distribution of economically disadvantaged individuals should be improved to better reflect current conditions at state and local levels. A formula that relies more heavily on poverty factors will necessitate better data on the eligible population to deserve the support of the Congress.

3. Unemployment factors should have less influence in

the allocation formula. Since unemployment has been volatile in recent years, it has become a destabilizing influence within JTPA. In addition, the current unemployment factors produce severe funding cliffs as areas fall below the 6.5 and 4.5 thresholds.

4. Changes in allocation formulas should be phased in to minimize disruption of programs. Just as long-term investment in community job training efforts are threatened by the current abrupt changes in funding levels at the local level, abrupt changes caused by the implementation of a new formula would be potentially destructive. Any new formula should be implemented over a period of years to assist stable adjustment at the local level.

5. Operation of the formula from the state to the substate level needs to be examined and possibly modified. Under current law, state shares earned under the three-part formula are commingled and then distributed under the same formula to the substate level. The practical effect is to even-out substate allocations at the expense of those areas that accounted disproportionally for funding in one or another category.

I would like to now turn to the proposal for challenge grants contained in the draft before the Subcommittee. Mr. Chairman, the eight goals for programs under this part are important ones indeed. Our experience indicates that new approaches, along the lines laid out in this proposal, are being tried by a number of PICs. But innovation in JTPA will necessitate level funding, which has not been the case in recent years.

Because program development in the proposed areas is important, we would suggest that this section require project evaluation and dissemination of promising models so that the investment would more clearly benefit the JTPA system.

We are unclear, however, about the composition of an "eligible partnership." It appears that private industry councils must be represented, and we would support such a requirement. If so, it appears redundant to require representatives of business. All in all, we would suggest that just as in the case of PIC composition, you need more flexibility in putting together the right mix of individuals and institutions to accomplish whatever objectives the applicant is proposing.

As a final point, you may wish to review the federal share provisions for payment of projects under this part. We are concerned that a drop from 100 percent in the first year to 33 1/3 percent for succeeding years may be too drastic a reduction for most projects to absorb. It might improve long-term program viability if a small local share were required in the first year and this share increased at a moderate rate in succeeding years.

Mr. Chairman, before closing, I would like to comment briefly on a few other issues raised in your proposal. Given the criticism of who is served under JTPA and the fact that some 93 percent of those served nationwide are economically disadvantaged, we do not find it prudent or necessary to increase the percentage of non-income eligible persons who can come into the program at this time. However, we do find the proposal to expand the definition of youth to those individuals aged 14 through 21 to be worth further consideration. We know that the earlier the intervention the better, when you are working with youth significantly behind their peers in basic skill development. At the same time, any expansion of services to one age group will come at the expense of reductions to other age groups. This trade-off is exacerbated by the decline in real dollars for job training over the past several years.

Mr. Chairman, I thank you for inviting NAPIC to comment on your draft bill. NAPIC looks forward to working with you further on the issues raised here. This concludes my prepared remarks. I would be happy to answer any questions.

Senator SIMON. Thank you, Mr. McCormick. You win the fast reading award here. [Laughter.]

Let me ask you, Mr. McCormick, and you, Ms. Woloshansky: In your PIC in King County—and I forget what county LaPorte is in.

Ms. WOLOSHANSKY. LaPorte.

Senator SIMON. LaPorte County. How many labor representatives are on there now?

Mr. MCCORMICK. I have two labor representatives now of 23 members.

Ms. WOLOSHANSKY. We have three out of a 30-member Private Industry Council Board.

Senator SIMON. I think all of you sense where we are trying to go. We just want to make sure there is representation.

Mr. Kolberg, when you say the message of this bill is that private sector participation is not important, quite the contrary. But we want to have that private sector participation be as broad as possible. I used to be in business; I am not anti-business. But I want to see that we have a real partnership operation existing here.

Representative Groninga, I made a note or two. I understand completely when you say the National Conference of State Legislatures is naturally reluctant to support specific proposals that create hard feelings among its members. Unfortunately, you are a State legislator, and you know you have got to make those decisions. And we have to make those decisions. And we want to make sure, while I favor an expansion of the money spent here—interestingly, I just came from a meeting this noon where the distinguished sociologist, William Justin Wilson, spoke about the needs in the inner cities and how we are just really not tackling them effectively at all. Somehow we have to use the resources that we do have, assuming that there is just no additional funding. We have to use them more effectively. That means I think we have to review the formulas that we have.

You also mentioned the Des Moines Register having an article about facing shortages. Dr. Wilson was just talking about young people who cannot find a job. The reality is we have both. That is, of course, the function of this whole program, to pull these in.

All four of you have had practical experience in this whole field. I would appreciate your just taking a look at where we are, and I think we have to recognize any program can be improved. What can we do to improve it? This legislation is not going to pass this session, but we hope to be ready the first part of next session to move on something, to improve things. We want your input.

In each case, Mr. Kolberg, for example, maybe you cannot speak for your association; maybe it is just your personal view, or Mr. McCormick or Ms. Woloshansky or Representative Groninga. We are eager for that input.

You mentioned, Ms. Woloshansky, that we are serving far fewer than we ought to be serving. In the universe in LaPorte County, what percentage of those who need to be served are you serving now, would you guess?

Ms. WOLOSHANSKY. I think probably five to six percent of the eligible population we are currently serving, pretty much around the national level.

Senator SIMON. Mr. McCormick, what would you guess?

Mr. MCCORMICK. Of the eligible population, it is seven percent, and I guess probably half of that. So I would say about 14 percent of the population that we could serve at this point.

Senator SIMON. Let me just close by asking one general question of all of you. As you look at this, if all of a sudden you were to be named chairman of the subcommittee here, and you could just wave a magic wand and say: How do we improve the JTPA program? If you could change the statutes or the regulations, how would you change it?

Mr. Kolberg, you have not had a chance to answer any questions. How would you respond to that?

Mr. KOLBERG. I gather, Mr. Chairman, you would like a paragraph summary.

Senator SIMON. That is correct.

Mr. KOLBERG. I will try to make that.

First off, I think the system that JTPA sets forth—and I talked about that in my testimony—the public/private system, the very decentralized system with governors and at the local level, Private Industry Councils and mayors, I think that system is excellent, and I think we need to build on that, not only in this program but in many other programs. I talked about funds. I think it would take to get back to where we were five years ago. The Congress will not be able to do this, but to serve the same number of people, it would take an increase of probably somewhere between three-quarters and a billion dollars. That is what inflation has done right across the board.

If you talk about service the way Bob Jones is talking about it—and I agree with him. To get farther down into those in need, I think we need to spend more money per. Maybe $6,000 is the right number. That is going to add funds. But those funds do not need to be all Federal, and that would be my last point. I think the Federal Government needs to provide leadership, but if these programs work, they work at the local level. We need to figure out how to leverage State funds and local funds and private funds.

We ought to be spending far more in Seattle than we are, but it does not mean they all have to be Federal funds. If that means going back to the time-honored matching grant programs to pull out the local funds or to pull out the State funds, I think that is the direction to go in. If these programs work, they work some place besides Washington. They work right down where mayors and governors and private citizens understand, and they ought to pay for part of this, too. I think we now have a system that we think works, and I think it is time to begin to fund it much more broadly and much larger.

Senator SIMON. Good statement. I will ask one of the people who will be asked to help fund that to give a response here. Representative Groninga.

Mr. GRONINGA. Actually, my answer would be very, very similar to that. I think probably one of the most important things would be to have a very flexible system. One of the things that I find very bothersome about not just JTPA, but a lot of other Federal programs—it only bothers me when the Federal Government does it. We turn around and do the same thing and it does not bother me.

But it is when you get all these intricate formulas of percents of percents, where you can use three percent of the 10 percent that is set aside for specific purposes. The net effect of doing all those kinds of things is to create a system that has not the flexibility that you want.

What you have then is an accountant's delight, and you create all these little pigeonholes that have to be filled. And I think that it creates some very serious problems.

I did mention that Iowa has several programs that we have designed that have worked very well for us, and they are designed to dovetail with existing JTPA plans and programs. If the locals can have the flexibility and more of the options to work through the rest of the State, and to work with the other locals, sometimes they have that flexibility, sometimes they do not. But I think if they have that, that is the way we are going to make the best possible use of the Federal resources and the State resources together. And I think that that really becomes a key.

You mentioned earlier the question on the formula change. I agree very much with the point that Ms. Woloshansky was making about the accuracy of the 1980 census data. So long as that is the basis for it. That is one of the reasons I was reluctant to recommend a change because there has been so much of a shift there, where we have had some actual population losses in certain age categories. And we do not know what the situation is right now.

What we do know is that the 1980 data being used are not accurate. So we think that that is not something we would want you to use for a basis.

Senator SIMON. Let me just add I agree that flexibility is desirable. We also face this problem. We have limited Federal funds. So you have to make sure they really carry out the mission that you want them to carry out.

Ms. Woloshansky?

Ms. WOLOSHANSKY. I would first like to say that I agree with my co-panelists on the issues that they have raised. I would strongly like to see seamless funding being an issue, particularly for II-B, so that the dollars can be utilized year-round to work with youth. We think that kind of flexibility will essentially be more effective and broaden the opportunities for youth to learn about careers, learn work ethics, develop the skills and enter the labor market. So we feel very strongly about this.

Another issue would be one of technical assistance Although that is certainly not a legislative issue, I think it is important that the local service delivery areas and Private Industry Councils have the kind of technical assistance that they need to improve and enhance what they are doing. That may be related to the issue of the Private Industry Councils and the way they expand their role, the labor leadership, and how labor that is currently on board can work with the private sector and service delivery area staff to impose their ideals, to help the professional staff so that they can carry out the functions of employment and training more effectively.

Lastly, an issue of information and networking. We have mentioned the fact that there have been a number of demonstration projects, creative new ideas that have worked well in different parts of the country. We need some opportunity or vehicle to learn about those in the 630-some service delivery areas in this country. We often talk about not duplicating efforts, not reinventing the wheel. If we can find a way to be able to share and network that information, I think we can avoid that duplication and become much more efficient in doing our jobs.

Senator SIMON. Thank you.

Mr. McCormick.

Mr. MCCORMICK. I think the major issues relate to the duration of training; namely, at the moment, we are somewhat restricted to a one-year time period. When we talk about the creaming issue, there are many people who need more than a year's support. And I think that this is an issue that eventually will become more and more important as the people who cannot benefit from short-term—i.e., less than a year—service will keep falling through the crack.

I think the other issue is that there is a major need with this system for JTPA to coordinate more closely, which we are doing, with the local education agencies and the other service agencies so that, in essence, we are now looking at a literacy problem that requires both the education community, the employment training community, and the rest of the community to be involved. And I think it is important to enhance that and increase that coalition because I think it is a societal issue that is not restricted strictly to the economically disadvantaged.

Senator SIMON. There is no question about it.

Just out of curiosity, are you doing anything in the literacy area there, since Mr. McCormick mentioned that?

Ms. WOLOSHANSKY. Yes, we are. We just started two new projects through our incentive moneys with the pal system, the IBM interactive video disc program that will work with youth and adults to deal with the literacy issue in two of our communities, in Portage and in Michigan City. We expect, although these are pilot projects, that 120 to 150 people will go through each of them this year and raise their reading levels up to at least that seventh grade level.

Senator SIMON. That in itself is probably in the long run going to pay for the whole program you have.

Ms. WOLOSHANSKY. We hope so.

Senator SIMON. Well, we thank you all very, very much for being here.

At this point in the record, we will enter the statements of Hon. Eugene Sawyer, Acting Mayor, City of Chicago, and Eugene L. Faber, Director, Employment and Training, Oyster Bay Consortium Service Delivery Area.

[The prepared statements of Mr. Sawyer and Mr. Faber and additional material supplied for the record follow:]

National
League
of
Cities

1301 Pennsylvania Avenue NW
Washington, D.C.
20004
(202) 626-3000
Fax: (202) 626-3043

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STATEMENT OF

THE HONORABLE EUGENE SAWYER

ACTING MAYOR, CITY OF CHICAGO

AND ON BEHALF OF

THE NATIONAL LEAGUE OF CITIES

to the

SUB-COMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

UNITED STATES SENATE

SEPTEMBER 22, 1988

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The manner in which funding is distributed under the Job Training Partnership Act is a critically important aspect of the program. While the amount of money budgeted nationally has a lot to do with how much is available to operate job training programs locally, the allocations process has a strong influence on the level of local resources. The City of Chicago is especially concerned about the current formula which short-changes localities that have a high concentration of economically disadvantaged persons with limited access to jobs - persons for whom services under JTPA were designed.

I. Implementation of JTPA in Chicago

Before detailing comments on the allocations process, it may be useful to summarize the scope and design of JTPA in Chicago, the local perspective on the development of the program in the city, and the principles that guide our commitment to future improvements. There are certainly unique aspects to the situation in Chicago which make it unlike any other Illinois service delivery area under JTPA. There are also many concerns shared by the city with employment and training colleagues across the country.

The City of Chicago is the largest service delivery area in Illinois and one of the largest in the JTPA system. Illinois ranks among the top five states in terms of JTPA allocations and approximately 35% of our state's resources are allocated to Chicago.

The city has adopted a de-centralized method of operation drawing on the strengths of a service provider network of over 120 community-based organizations and training institutions. The City in concert with its Private Industry Council, has expanded the partnership between business and government that is at the heart of JTPA to represent the rich ethnic and racial diversity of Chicago's neighborhoods as well as a broad spectrum of public interests.

The city's commitment to serving minorities and persons on welfare has been unique among service delivery areas in Illinois. The significant barriers to employment experienced by these groups have been documented in national and local labor force data repeatedly; and Chicago has responded to their needs for employment and training opportunities. Since the inception of JTPA over 90% of participants enrolled in Chicago's JTPA-funded job training programs have been racial or ethnic minorities. Over 50% of participants had been receiving welfare at the point of enrollment in the program.

This commitment by the largest service delivery area in Illinois has a statewide impact. During the last program year which ended June 30th, City of Chicago JTPA enrollments comprised approximately 38% of the state Title II-A total. But 75% of all Hispanic persons enrolled in Illinois participated in programs operated under the auspicies of the City of Chicago. The comparable figure for Blacks and persons of Asian origin was 60%. Almost 49% of all welfare recipients served through JTPA in Illinois participated in job training and placement programs operated through the city. The City of Chicago has done its part to provide opportunities for those with barriers to employment and will continue to do so.

Chicago has been successful in its job training and placement efforts, consistently exceeding performance standards mandated by the State of Illinois. For the program year most recently completed, over 11,500 persons were placed in jobs. The average wage at placement for adults was $5.37 per hour. The average cost per adult placement was about $2800.00.

Chicago is proud of a record of solid accomplishment and is fully committed to a course of program development and improvement. Our goal is clear: to build one Chicago by improving the quality of life for people in the neighborhoods and by improving the environment for industry and commerce.

However, the limit on available job training resources poses a serious constraint. The City absorbed a 10% reduction in funding for year-round program activities begun in July. There have been relentless decreases over the years in the Title II-B summer youth program as well. In 1985 the City received $21.9 million to operate summer jobs programs. This year, Chicago received $14.5 million. Over a somewhat longer time period, funding reductions have been more drastic. The Mayor's Office of Employment and Training, the JTPA administrative entity in Chicago, has experienced a 75% cut in agency budget since the end of the 1970s - a time when the unemployment rate in the city was lower than it is now, and before the devastating recession earlier in this decade which took a heavy toll on the city's manufacturing job base. In the face of these massive reductions in funding, every effort has been made to utilize each available dollar, to manage money tightly, and to stretch resources. While the fiscal close-out for program year 1986 is not yet complete, it appears that the City will carry over just 1% of its total budget. This represents a substantial management achievement given more than 120 service deliverers who enrolled over 24,000 JTPA participants.

The direction of national and state level discussion seems to be pointed toward programs that provide a greater monetary investment in individuals, that is, longer term and more intensive training. There is also an effort to ease the unit cost pressures imposed on service delivery areas by cost per placement and cost per positive termination performance standards. The City of Chicago believes this to be a sound policy direction and supports it in principle. But it is a direction that poses a dilemma for Chicago. Dollars are severely limited. How can the City respond to widespread need and provide an intensive level of services when there aren't enough resources to provide even a little service for most of the population eligible to participate? Will services be restricted to an even greater extent to provide a little more to just a few?

Can we legitimately claim to provide a citywide program if most of the people for whom it was intended have no chance to participate? This represents an untenable situation with the potential to sour the relationships with institutions and community based deliverers the City of Chicago has worked so hard to build.

There is no question that this is a period of national fiscal restraint. The need for additional employment and training dollars in certain localities like Chicago with large numbers of economically disadvantaged persons is also clear. Scarce dollars and pervasive needs make a compelling case for increasing resources or at least distributing what is available more effectively. An analysis of the sub-state distribution of JTPA funds in Illinois is illustrative of the need for improvement in this latter area.

II. Inequity in the Sub-State Allocation Formula

Altogether over 1.1 million persons in Illinois are income-eligible for JTPA according to the best estimates of Northern Illinois University and the Illinois Bureau of the Budget. In Title II-A, the year-round employment and training program for youth and adults, the state allocated more than $73.5 million this year to the 26 service delivery areas. In Title II-B, the summer youth component of JTPA, the income-eligible population statewide totaled nearly 200,000. Illinois received approximately $37.1 million to provide services to those persons. The City of Chicago, as the largest service delivery area in the state, accounted for the largest segment of the state's eligible population and also received the single largest funding allocation. Both the eligible population and funding allocations were considerably smaller in all of the 25 other service delivery areas around the rest of the state.

However, the City's dollar share was substantially less than its share of eligible population in both Title II-A and II-B. As the first table below demonstrates, in Title II-A Chicago received approximately 35.6% of allocated funds, but the city was the residence of 50.1% of Illinois JTPA eligibles. Similarly, in Title II-B, Chicago received 39.1% of allocated funds, but contained 49.5% of Illinois youth eligible to participate in the program.

The second table also demonstrates the gap between resources and needs at the sub-state level. The table shows program year 1988 dollars received in Title II-A and II-B for each income-eligible person residing in Chicago and the balance of all the other Illinois service delivery areas. In Title II-A Chicago received $47.00 per eligible person. The comparable figure for the other service delivery areas as a whole was $85.41. In Title II-B Chicago received $147.13 per eligible person. For the balance of the other 25 service delivery areas in Illinois the comparable figure was $224.63. Forty seven dollars or even $85.00 is a paltry sum to bring a disadvantaged person into the mainstream of the labor market. One hundred forty seven dollars or $225.00

does not provide a young person with much exposure for a first time experience of the world of work. There is not enough money in the system, and localities like Chicago which have a large concentration of disadvantaged persons do not receive their fair share.

Share of Illinois Eligible Population and JTPA Funds

	II-A		II-B	
	Eligible	Funds	Eligible	Funds
City of Chicago	50.1%	35.6%	49.5%	39.1%
Balance of Illinois	49.9	64.4	50.5	60.9

Dollars Allocated Per Eligible Person in Illinois

	II-A	II-B
City of Chicago	$47.00	$147.13
Balance of Illinois	$85.41	224.63

The problem is essentially this: the limited overlap between the unemployed population and the economically disadvantaged population and their respective weighting within the JTPA allocation formula results in the underfunding of areas with high concentrations of economically disadvantaged persons like Chicago.

The differences between the distribution of funding and persons in need points up a basic inconsistency in the structure of the JTPA funding formula. On one hand, the intent of the Act focuses on the structurally unemployed, persons who would have difficulty obtaining and retaining employment even under the best economic conditions. On the other hand, the funding formula is based primarily on unemployment statistics, a data source that does not take into account discouraged workers and persons with tenuous labor force attachment who might not meet the specific definition of unemployment, but nonetheless would be responsive to job opportunities if only they were available. The statistics, in short, do not represent the core of the JTPA target group. Administrative records maintained by the Mayor's Office of Employment and Training indicate the existence of a large pool of persons interested in services which can be provided by JTPA, but who are probably unaccounted for in official unemployment statistics. Over the last four program years nearly 37% of participants in Chicago year-round job training programs reported that they had not been actively seeking employment prior to their application for program services.

To make matters worse, the unemployment measure used in the formula undercounts jobless persons in Chicago. The following table shows the difference between the count of unemployed persons and the unemployment rate in the official labor force series utilized as the basis for JTPA and the annual average labor force figures available from the Current Population Survey provided by the U.S. Bureau of Labor Statistics for selected large cities. Over the three year period shown in the table, the Current Population Survey counted a jobless total in Chicago 37% larger than the official series and an unemployment rate about 3.9 percentage points higher than the official series.

Average Annual Unemployment in Chicago

	Official (for JTPA Allocations)		Current Population Survey (BLS)	
	Unemployed	Unemployment Rate	Unemployed	Unemployment Rate
1985	145607	9.5%	203000	14.7%
1986	130380	9.3	180000	13.1
1987	117123	8.3	155000	11.0

The case of youth is also a particular concern. Youth are an important target group for the program not only because of the massive summer jobs program effort, but also because of the Congressional mandate that at least 40% of year-round program funds be expended to serve youth participants. Unfortunately, unemployment statistics do not measure the job needs of youth very well. Annual average statistics for 1987 for Chicago recorded just 23,000 jobless youth. More than that number were enrolled in JTPA programs in Chicago in that year. Youth represented only 15% of those counted in the tally of jobless persons.

Even census statistics suggest the inadequacy of unemployment statistics as a measure of youth job needs. The 1980 unemployment figure for teenagers in Chicago recorded by the U.S. Bureau of the Census was between 10,000 and 11,000. But a closer review of census statistics showed that the number of teenagers counted as out of school, not working, and not actively seeking work was nearly three times as large. In some inner-city neighborhoods, such youth who were not attached to school or to the labor force accounted for more than one of every five teenagers.

It is not in the best interest of the program to award the bulk of summer youth money on the basis of statistics that mainly reflect adults. Neither is the nation well served by distributing the majority of year-round funding based on unemployment numbers that do not adequately count all persons who need and want jobs or reflect concentrations of those income-eligible for JTPA.

III. Proposals for Consideration

The preceding analysis speaks to the need for change in the allocation of JTPA resources. Such changes are always controversial. However, there may be several items on which there is general agreement.

First, the need for a balance between effective targeting in JTPA and funding stability is critical. This balance is very delicate. A change in targeting will affect current stability. Conversely a funding mechanism resistant to any change precludes more effective targeting. On one hand, the huge investment in JTPA management systems at the state level needs to be recognized. The financial underpinnings of these systems cannot be summarily altered without serious system-wide disruption. On the other hand, the needs of local areas such as Chicago that are under-funded cannot be ignored. Hold harmless provisions at both the state and local level will need to be maintained.

Secondly, the basis of any JTPA funding formula should be factors that combine labor force conditions and economic hardship. The task is to construct a formula that does not pit the needs of urban areas against rural and suburban areas as in the current formula. I would therefore request the Senator to direct CBO to consider and recommend a formula which would avoid increasing further disparities.

Third, is the recognition that local funding is tied to state funding. Whatever happens to states in a new funding formula will affect constituent service delivery areas. This linkage poses a dilemma for Chicago according to a preliminary analysis of variations in weighting formula factors. It appears that a greater emphasis on the formula factor that would increase Chicago's allocation at the sub-state level would reduce the Illinois allocation at the federal level. The real benefit of a formula change to Chicago is suspect if over the long term the city receives a larger share of a smaller whole.

Fourth, and finally, proposed formula changes should proceed with great care. Funding formulas have implications that are not always immediately apparent.

Given this outline, four suggestions for consideration are listed below:

1. A general system-wide increase in JTPA funding is warranted and badly needed. It is true that job training is only one of many competing priorities in this period of fiscal restraint. But JTPA has proven itself. Expanding a successful effort makes sense, especially since the program could be compromised for lack of sufficient funds.

2. A regular annual allocation directed from the federal government to localities with a high concentration of economically disadvantaged persons should be considered. This might be the revision that accomplishes the greatest positive effect by changing the least. There are a variety of ways to qualify service delivery areas for participation in such an allocation; for instance, a minimum number of disadvantaged persons or a minimum proportion of the nation's disadvantaged total. The amount of money required would not be excessive, perhaps between $50 and $100 million.

3. A modification of the JTPA funding formula could be considered only at the sub-state level to give greater weight to the needs of localities with larger concentrations of economically disadvantaged persons. Such a change would leave the state funding total unaffected. The current hold harmless provision for service delivery areas would mediate the effects of intra-state shifts in dollars.

4. A broad effort to improve data collection should be considered. Among the most important items are:

   - For labor force data: (a) a measure of local job needs broader in scope than just the official count of unemployed persons, i.e., a count of persons desiring jobs and available for work but not currently in the labor force; and (b) an adjustment of the official unemployment count based on Current Population Survey statistics for those local areas for which reliable annual averages are available.

   - For economic hardship data: a count of economically disadvantaged persons that can be updated periodically between the census years.

The September 19th edition of Business Week contained a special report entitled "Human Capital: The Decline of America's Work Force." The few short sentences on the cover of that magazine state succinctly the task at hand.

> "The nation's ability to compete is threatened by inadequate investment in our most important resource: people. Put simply, too many workers lack the skills to perform more demanding jobs. And as the economy comes to depend more on women and minorities we face a massive job of education and training .... Can we afford it? We have no choice."

DEPARTMENT OF
INTERGOVERNMENTAL AFFAIRS
Division of Employment and Training
977 Hicksville Road
Massapequa, NY 11758
(516) 795-5610

PATRICIA L. MCGUIRE
COMMISSIONER

DIVISIONS
COMMUNITY DEVELOPMENT
EMPLOYMENT & TRAINING
FEDERAL & STATE AID

September 22, 1988

TO: THE HONORABLE SENATORS

FROM: EUGENE L. FABER, DIRECTOR, EMPLOYMENT AND TRAINING
OYSTER BAY CONSORTIUM SERVICE DELIVERY AREA

SUBJECT: SENATE HEARING ON JTPA

During the past five (5) years, many Service Delivery Area (SDA) representatives have complained about the inequitable distribution of JTPA funds. This unequal and unfair distribution has also been pointed up by the Abt Report released by the United States Department of Labor; the report states that JTPA funds are not being disbursed where the real need exists. Under the present allocation formula, one SDA may receive $25 per unemployed individual, while another SDA may receive $200 per unemployed individual due to the narrowness of its target.

Since the current allocation formula is based on "the relative number of unemployed individuals residing in areas of substantial unemployment in each State as compared to the total number....in all the States", a county in an SDA with a population under 80,000 may receive $500,000, while another county with a population of 570,000 may receive only $328,000. Further, basing distribution of funds primarily on rates of unemployment as is now the case, tends to overlook the sometimes larger problem of economically disadvantaged youth. This results in a gross inadequacy under the method currently used for the distribution of monies allocated for the needy.

Compounding the problem with the current allocation formula is the disruptive fluctuations in funding from year to year. A National Job Training Partnership study indicates that Service Delivery Areas are receiving 30% reductions in funding, while other Service Delivery Areas have gained as much as 200%.

The National Alliance of Business as well as major corporations are very concerned about the work force of tomorrow. We, therefore, need to address this issue by redirecting funds to areas containing the greatest numbers of both unemployed and disadvantaged. If we are serious about preparing the work force for the year 2000, we must act now by providing more employment and training services to those who will comprise that work force. A rational and equitable adjustment to the current allocation formula is long overdue.

Attached is a copy of a Resolution concerning the JTPA allocation formula which was passed by the New York Association of Training and Employment Professionals on June 24, 1988. Other States' training and employment organizations have passed, or are considering, similar resolutions.

We request that you support a change from the current JTPA allocation formula that uses percentages and ASU (areas of substantial unemployment) factors to a formula that disburses funds by using relative numbers of unemployed and economically disadvantaged. Simply stated: if an unemployed person applies for JTPA services, whether he/she resides in Montana, New York or Florida, a common amount of funds should be available instead of the present situation whereby one SDA has $25 per unemployed individual and another SDA has $200 per unemployed individual.

Your consideration and support for this change in legislation will be greatly appreciated.

Eugene L Faber
Eugene L. Faber, Director
Employment and Training
Oyster Bay Consortium SDA

ELF:mc
Att.

New York
Association
of
Training and Employment Professionals
150 STATE STREET, ALBANY, NEW YORK 12207 • (518) 465-1473

Adopted June 24, 1988

The New York Association of Training and Employment Professionals, being a responsible Association in providing employment and training services to the residents of New York State, and

Whereas appropriate funding levels are required to assist the large number of eligible New York State residents, and

Whereas New York State and Its Service Delivery Areas have lost $35 million in JTPA funds under the present allocation formula, and

Whereas, under the existing JTPA formula, New York State could lose $20 million to $40 million in JTPA funds during the next two years,

Now, therefore, be it resolved that the New York Association of Training and Employment Professionals supports a change in the current JTPA allocation formula in order that funds be allocated to reflect the relative numbers of unemployed and economically disadvantaged, instead of the present formula based on percentages, and that greater weight be given to the numbers of economically disadvantaged.

STATEMENT OF

LILLIAM BARRIOS-PAOLI

COMMISSIONER

NEW YORK CITY DEPARTMENT OF EMPLOYMENT

UNITED STATES SENATE

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

SEPTEMBER, 1988

My name is Lilliam Barrios-Paoli, Commissioner of the New York City Department of Employment (DOE). I am pleased to submit testimony to the Senate Labor and Human Resources Subcommittee on Employment and Productivity regarding the Job Training Partnership Act (JTPA) funding allocation formula, and the impact it has on the provision of employment and training services to New York City's economically disadvantaged population.

First, I would like to provide you with some background on the Department of Employment. DOE is the administrative entity for JTPA funds in New York City. Through our network of over 100 community-based organizations, we provide training and employment services to over 33,000 economically disadvantaged and unemployed individuals each year, placing over two-thirds into private sector jobs.

What we and every JTPA Service Delivery Area (SDA) in the country do in the way of employment and training is determined by our funding levels. For example, with current funding, we are only able to serve less than three percent of the estimated 1.5 million New Yorkers eligible for our services. This is further complicated by the fact that the JTPA legislation, which places great importance on such performance measures as cost per placement, has had the effect of discouraging many SDAs from working with the neediest of their residents.

While we all welcome the recent decline in unemployment rates in many areas of the country, reflecting economic recovery and job creation, we also recognize that there are many individuals who lack the basic and occupational skills necessary to successfully participate in the labor market. Businesses in New York and elsewhere have complained that the labor pool is not equipped or prepared to fill the jobs created. A reduction in overall unemployment -- now at less than six percent nationally and in New York City -- does not mean that the problems of illiteracy, homelessness, welfare dependency and long-term unemployability are gone. In fact, today, given current economic conditions in many areas of the nation, individuals who are motivated and have some skills can obtain employment with little or no intervention. This situation is influencing the JTPA system to redefine its mission to work with the hardest-to-serve: the substantial numbers of individuals who read below the 7th grade level, school dropouts, public assistance recipients, individuals with limited English-speaking ability, and "discouraged workers" who are out of the labor force and no longer looking for work.

Thus, the issue of adequate funding is becoming more critical. This year, New York State and New York City lost over 12 percent of the Title IIA allocation from last year's levels, despite the large numbers of economically disadvantaged in need of job training services. New York City's Title IIA allocation was reduced from $51.7 million last year to $45.4 million this year.

This situation is not unique to New York City. Many of the nation's cities including Chicago, Detroit, Cleveland, Pittsburgh and Boston also experienced similar reductions. Moreover, thirteen states including Illinois, Iowa, Oregon, Pennsylvania, Massachusetts and, of course, New York also suffered losses of over 10 percent of their funds.

The loss in employment and training funds to many SDAs results from the use of the current JTPA allocation formula. New York City believes that this formula distributes funds to states and substate areas inequitably because it gives more weight to the numbers of unemployed and relatively less weight to the numbers of economically disadvantaged, who are more likely to be out of the labor force and thus, not counted among the unemployed. These concerns are mirrored by the 1986 ABT Associates allocation formula study which was commissioned by the U.S Department of Labor.

The situation is even more evident with Title IIB, which uses a formula identical to that of Title IIA to distribute summer employment funds for disadvantaged youth, most of whom have never been employed or counted in unemployment statistics.

The economically disadvantaged and the unemployed represent different socio-economic and geographic profiles and thus, have a limited overlap. In New York City for example, the economically disadvantaged population consists predominantly of females, blacks, youth and high school dropouts, while the unemployed population is comprised mostly of males, whites and high school graduates. Futhermore, geographically, most of the economically disadvantaged population live in populated cities and states, while the unemployed tend to be located in less populated areas of the country.

Given the socio-economic and demographic differences between the two populations, the current allocation formula has the effect of drawing funds from those economically more in need, who mostly live in urban areas, to those temporarily unemployed who tend to be located in less populated areas. A new allocation formula should redress the mismatch between the intent of the JTPA law and the actual beneficiaries.

We are pleased that the Senate Subcommittee on Employment and Productivity is reviewing the JTPA Title IIA and Title IIB allocation formulas and recommending legislative changes to more adequately address the needs of the nation's disadvantaged youth and adults who have substantial barriers to employment.

There are a number of options to be considered in revising the formula. The weights given the threshold levels could be changed, the threshold levels could be made to fluctuate according to unemployment rates, or the levels could be eliminated. Another approach would be to add factors to the formula reflecting disadvantaged populations, such as numbers of welfare recipients, numbers of individuals with income below a certain percentage of the poverty level, or numbers of individuals participating in the labor force. Whatever approach is taken, we believe that any new formula must place greater emphasis on the numbers of economically disadvantaged.

While the intent of JTPA law is to serve the economically disadvantaged, the majority of the funds (66 percent) are currently distributed according to the number of unemployed. Thus a new formula should, at minimum, increase the share of the number of economically disadvantaged to 50 percent, as proposed in the draft legislation before the Subcommittee.

It is also critical that the data base used for the formula reflect the most current information available. Census data, for example, would have to be updated regularly to ensure an accurate count of the economically disadvantaged.

I also would like to highlight some concerns we have with the hold harmless provision for local service delivery areas, enacted in the 1986 JTPA Amendments. This provision stipulates that no SDA will receive less than 90 percent of the funds granted to it during the previous two years. We believe that the hold harmless provision has exacerbated the inequities of the funding formula by redistributing the resources of a fixed funding pool. Thus, SDAs suffering a worsening of economic conditions may still experience a decrease of funding in order to maintain the funding levels of those SDAs whose conditions are improving.

A new formula must achieve the funding stability necessary to ensure a degree of predictability at the local level, but not create inequality in the distribution of funds. This is a critical issue since swings in funding can impair an SDA's ability to establish a permanent and effective service delivery system.

In addition to supporting changes in the allocation formula, New York City also strongly favors expansion of the Title IIB Summer Youth Employment Program (SYEP) to a year-round program.

New York City's SYEP program, administered by the Department of Employment, provides services each year to nearly 30,000 youth, of whom over 50 percent are 14 and 15 year olds, and over 90 percent are minority youth, with two-thirds from families receiving public assistance. An expanded Title IIB program would allow New York City and other SDAs to offer youngsters, particularly those at-risk of dropping out of school, a continuum of services, by providing part-time jobs during the school year and full-time employment, supplemented with educational services, during the summer months. Thus, we recommend that legislation to amend the formula also include a provision allowing for use of Title IIB funding on a year-round basis.

We are also pleased that Senator Simon's draft legislation focuses attention on the nation's at-risk youth population through the Challenge Grant Program, which authorizes $50 million in additional grants. We strongly recommend, however, that the existing JTPA service delivery system be used to administer these grants, rather than establishing new partnerships among business and community groups. We believe the local service delivery system to be capable of taking on new initiatives on a formula or competitive basis with additional dollars and flexibility. This would permit more effective service coordination and program planning on the local level.

The growth in the nation's economy coupled with reduced unemployment and a declining youth population presents an opportunity for the most disadvantaged youth and adults in our society to become part of the economic mainstream. Changing the existing JTPA allocation formula to more adequately reflect the numbers of economically disadvantaged will help ensure that these individuals are provided with the basic and occupational skills necessary for them to fully participate in the labor force.

I thank you for this opportunity to submit testimony and look forward to working with the Subcommittee in the future.

NATIONAL
ASSOCIATION
of
COUNTIES

440 First St. NW, Washington, DC 20001
202/393-6226

August 25, 1988

Senator Paul Simon
Senate Dirksen Building 462
Washington, DC 20510

Attn: Ms. Pat Fahy

Dear Senator Simon:

Thank you for providing the National Association of Counties with an opportunity to comment on your proposed amendments to the Job Training Partnership Act (JTPA).

We at the National Association of Counties are concerned deeply about your proposed amendments. We hope that you will consider our comments carefully as you re-examine your proposal.

I have divided my comments into three sections. The first is on the proposed modifications to the current allotment and allocation formulae; the second is on changes in the composition of private industry councils (PICs); and the third is on the establishment of the "Youth Employment and Training Challenge Grant".

I. Allotment and allocation formulae

Recently, there has been much discussion about problems related to the allotment and allocation formulae used to distribute funds to the states and service delivery areas (SDAs) under JTPA. The United States Department of Labor, various public interest groups and research organizations have identified what they consider to be problems with the current formulae.

The National Association of Counties neither opposes nor supports changes in the current formulae. NACo believes that we must evaluate each proposal as it is presented. Clearly, your proposal merits such consideration.

The lack of information on the impact which your proposed formulae changes would have on the states and SDAs prevents us from commenting on this particular issue at this time. NACo would appreciate greatly any effort by your staff to provide us with this information.

II. Composition of private industry councils

The National Association of Counties believes that PICs have contributed substantially to the success of JTPA. In large part, this has been due to the willingness of representatives from the private sector to volunteer their time to perform the duties required of private industry councils.

NACo's policy supports the public/private partnership between local elected officials and the private sector which JTPA establishes. It, also, supports private industry councils as the vehicle which assures private sector involvement in local job training efforts.

Our support of private sector involvement and the PICs is based on the private sector's willingness to assume the challenges presented to it by JTPA. They have served as PIC members and provided JTPA trainees with jobs.

We believe that a change in the composition of PICs will reflect the belief that the private sector's involvement in local job training programs has not met expectations and has not been productive. NACo believes that this is an inaccurate conclusion.

Any changes in the structure of the public/private partnership or its component parts -- the boards of local elected officials or the private industry councils -- will reduce JTPA's ability to achieve its principal goal: to assist economically disadvantaged youth and adults obtain employment.

Therefore, NACo cannot support your current proposal to reduce private sector participation on PICs from "a majority" to "50 percent" and to increase organized labor or worker representation to "25 percent".

III. "Youth Employment and Training Challenge Grant"

The National Association of Counties supports any efforts to improve the quality of employment and training programs operated under JTPA. However, NACo cannot support any proposal which would mandate that:

Senator Paul Simon
August 25, 1988
Page 3.

- partnerships outside of the existing public/private partnership should be established to deliver job training services and [illegible]

- funds for this effort be taken from existing Summer Youth Employment and Training Program funds for a purpose other than that for which they were intended -- the provision of summer employment and training services to youth. "

I hope you find these comments useful as you examine your proposed amendments. If you or your staff have any questions regarding this letter please feel free to contact Larry Jones, NACo's legislative representative for training and employment, or Jerry McNeil, director of NACo's Training and Employment Programs.

We look forward to the opportunity to testify before your subcommittee on September 22.

Sincerely yours,

John Thomas

John P. Thomas
Executive Director

SAR A. LEVITAN
SUITE 701
1730 K STREET, N.W.
WASHINGTON, D.C. 20006

(202) 833-2530

1988 AUG [illegible] 59

August 3, 1988

The Honorable Paul Simon
Chairman
Subcommittee on Employment & Productivity
644 Dirksen Senate Office Bldg.
Washington, DC 20510-6300

Dear Senator Simon:

After five years of experience with the Job Training Partnership Act (JTPA) there is a clear need to overhaul some of its provisions. Your proposed amendments are therefore welcome and I read them with great interest.

It occurred to me, however, that you may want to introduce a more comprehensive bill for consideration in the 101st Congress. Based on my own recent study of JTPA, I believe that the following might be worth attention by your subcommittee.

1. There is strong evidence that "creaming" is pervasive under the JTPA system. While poor individuals who are unprepared to compete in the labor market because of educational or skill deficienciesstand to gain most from training programs. To prevent excessive creaming, the law might require SDAs to test applicants' reading and math skills and employment history in order to screen in rather than screen out those most in need of help. Some SDAs are doing this.

2. As your proposed bill suggests, greater emphasis should be placed upon the provision of basic education. Some SDAs have already adapted computer-assisted instruction to give those who failed in schools or who were failed by the schools a second chance to acquire mastery of the three R's.

Center for Social Policy Studies
The George Washington University

3. There is now excessive emphasis upon a numbers game which enables the Labor Department to claim that millions of people are served by JTPA. Of course the issue, given current appropations, is how many can be really helped? Current training periods are entirely too short to assist those who are in need. It is nearly impossible to provide vocational training to the functionally illiterate. The law should provide for sequential education and training. This would mean, of course, that fewer people would be served and that in some cases it would also be necessary to liberalize provision of stipends and support services.

4. The proposed incentive provision maybe highly meritorious, but it would seem to me that Congress may want to consider requiring SDAs to allocate a definite proportion of the sum, say about 25 percent, for basic education. Work experience alone - especially the payment of the hourly minimum wage to fourteen and fifteen year olds - does not appear to be the best investment of the summer funds.

378

These are just a few items that might merit inclusion in a draft bill. If you care to pursue this matter further, I would be happy to suggest to your staff some knowledgeable people with whom they may want to consult about perfecting the proposed amendments. Of course, if I can be of assistance in this exercise, my time is your time.

Sincerely,

Sar

Sar A. Levitan

NATIONAL COMMISSION FOR EMPLOYMENT POLICY
1522 K Street, NW, Suite 300
Washington, D.C. 20005

(202) 724-1545

June 30, 1988

Senator Paul Simon
Chairman, Subcommittee on Employment
and Productivity
Committee on Labor and Human Resources
Washington, D.C. 20501-6300

Dear Senator Simon:

The National Commission for Employment Policy is pleased to respond to your request of June 8, 1988, to provide recommendations on legislative changes to the Job Training Partnership Act of 1982 made at the Subcommittee hearing on Employment and Productivity. As you know, the Commission has continually been involved in reviewing the status of JTPA programs nationwide and over the last several years, has actively supported a number of research endeavors to this end. At the Commission's regular meeting on June 10, 1988, answers to questions raised by you at the hearings were discussed.

Based on our analysis of available information, including the findings from the report, "Who is Served in JTPA Programs: Patterns of Participation and Intergroup Equity," on which we testified, the Commission concludes that with minor exceptions, JTPA is working well — it is helping people in need of its services, and is indeed making a significant difference in the lives of the people who participate in the program. Therefore, the Commission does not advocate making major revisions to the legislation at this time; rather, as noted in our major report issued in September of last year, the majority of the Commission's recommendations are geared to specific Department of Labor or state activities, rather than the Act itself.

There are, however, four areas that the Commission has previously investigated and recommended that the Congress take appropriate action on.

1) Coordination. The Job Training Partnership Act requires that local and state programs coordinate with other employment-related programs, such as those operated by the Employment Service, welfare agencies, economic development entities and vocational education institutions in their respective areas. The Act clearly recognizes that JTPA cannot address the full breadth of structural unemployment problems alone; it has neither the resources nor the range of capabilities required to adequately address the issue of job creation, or to deliver training independent of the vocational education system, or to assume sole responsibility for reducing welfare dependency. More than any other legislation in this field, JTPA was conceived as a coordinative tool. In fact, many provision in the Act were explicitly included to improve coordination with related agencies' programs.

The level of coordination required on the part of JTPA administrators is significantly greater than that stipulated in the legislation authorizing these other employment related programs. (This one-sided situation was also noted to be problematic by many JTPA program administrators in the 1987 National Alliance of Survey of SDA Directors and PIC Chairs.) Therefore, the Commission recommends that Congress add similar language to that included in JTPA to other employment-related legislation, including various education laws, since mutual requirements for coordination do more to accomplish that end than do "one-way mandates" under JTPA. Furthermore, where federal laws or regulations constitute barriers to coordination, we recommend that work begin to overcome the problem.

Although the Commission is very satisfied with the various provisions in JTPA which foster coordination, there is however, one area of the coordination requirements that requires further refinement — the 8-percent set-aside. (Eight percent of a state's Title IIA allotment for each fiscal year is earmarked for state education programs. One fifth of these funds must be used for education coordination activities.) Although the purpose of this requirement was to encourage coordination between education and job training entities, program evaluators have noted that the funds are sometimes turned over to state educational agencies, which thereafter, make little attempt to coordinate their use with JTPA administrators. The Commission, therefore, recommends that future amendments to the Act define what is meant by "coordination activities" as it applies to the 8-percent set-aside.

2) Special Set-Aside of Title IIA funds. Based on various research results undertaken by the Commission and others, as noted earlier, we conclude that JTPA is serving the economically disadvantaged and is placing the poor in jobs in accordance with its mandate. However, the Commission is aware that there are persons with even more serious and often multiple problems that do not make them likely candidates for success in JTPA, or indeed, most other training programs (e.g., drug addicts, alcoholics, welfare recipients with large families, teenage-parents). These are individuals who require a level of service and support that is difficult for many local programs to provide and support as JTPA is currently written and structured. The Commission, therefore, recommends that Congress amend JTPA to permit a small percentage (e.g., 2 percent) of the regular Title IIA training allocation be used by each SDA for any legal purpose of the Act, including experimental programs for groups with special needs, to help SDAs include some of the most "hard to serve" eligible individuals in its program. To encourage the utilization of these funds in this way by the SDAs, the Commission recommends that these funds be exempt from performance standards.

3) Five-percent set-aside for states. Many state administrators have argued that the 5-percent set-aside provided from the state's allocation of Title II monies is insufficient for them to provide the level of support to local programs and undertake the various state-level activities outlined in the legislation. Through discussions with state administrators and analysis

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of other information, the Commission believes that there is some legitimacy to the complaints expressed by state administrators. The Commission contends that the problem is exacerbated by fluctuations in the amount of funding allocated to the state and that substantial changes in funding levels greatly impacts a state's ability to effectively carry out its mandated activities. This is particularly true with respect to small states — a loss in the amount of available state monies can be particularly devastating to state receiving an allocation on the lower end of the scale. The Commission, therefore, recommends that the Congress review the 5-percent set-aside provision for state administrative costs, with the objective of providing a "hold-harmless" provision for small states and providing a "floor" or minimum amount of funds for each state.

4) Targeting of long-term welfare recipients. In our recent report on "Who Is Served in JTPA Programs," we noted that with the exception of adult high school drop outs and Hispanic males, service to substantial segments of the population and the groups targeted by the Act was exemplary. In particular, we believe that the excellent participation rate in the youth, youth drop-out, and recipients of Aid to Families with Dependent Children (AFDC) show that targeting works. Therefore, the Commission recommends that Congress amend JTPA to include language targeting service to long-term welfare recipients. The Commission further recommends that the definition of "long-term welfare recipient" be consistent with that used in the new JTPA reporting requirements which become effective July 1, 1988. A long-term welfare recipient is defined as an individual who has received public assistance for 24 out of the last 30 months before applying to the program.

The Commission would like to defer any comments about possible changes in the area of performance standards since we are currently involved in a major effort to study the effects of performance standards on who is served, the type of service, and the cost of providing such services. As you are well aware, the implementation of performance standards is one of the most controversial aspects of the JTPA legislation — some program administrators hail them as the mechanism which makes the entire system work, while others believe that they have a negative impact on all aspects of the program. This study, which is being carried out under contract with SRI International, and Berkeley Planning Associates is one of the most ambitious and largest efforts in which the Commission has been involved. We will be happy to forward to you the results of this effort when it is completed late this summer.

We, at the Commission, would like to take this opportunity to commend you on your recent oversight hearing on this important piece of legislation. The inability on the part of many Americans to work productively in today's technological economy has serious social and economic consequences for the nation as a whole as well as for those individuals unable to fully participate in the America's labor market. Because we strongly feel that the success of JTPA is important to the long-term economic health of the nation, we are committed to undertaking research efforts which evaluate the effectiveness of the program. If the Commission can be of any further assistance to you, please let us know.

Sincerely,

Gertrude C. McDonald

GERTRUDE C. MCDONALD
Chairman

NATIONAL COMMISSION FOR EMPLOYMENT POLICY
1522 K Street, NW, Suite 300
Washington, D.C. 20005

(202) 724-1545

August 12, 1988

Senator Paul Simon
Chairman, Subcommittee on Employment
and Productivity
Committee on Labor and Human Resources
Washington, D.C. 20501-6300

Dear Senator Simon:

I am writing in response to your request for review and comment of your draft bill amending Title II of the Job Training Partnership Act (JTPA). I have just returned from the annual meeting of the National Governors' Association where the major theme was maintaining Federalism. As you are well aware, a key element of JTPA has been the vital role that states play in administering this program. And it is clear from listening to the Governors from across this nation that this is a role they do not wish to see diminished.

As we stated previously in our testimony to your Subcommittee last June and in our subsequent correspondence, the Commission has a great interest in examining "who is being served" by JTPA programs and determining how well these programs are meeting their Congressional mandate. In our follow up correspondence to you after your June hearing, a copy of which is attached, we stated that we do not advocate making major revisions to the JTPA legislation at this time. While we still believe major revisions are unnecessary, the issues raised in your draft bill clearly are of concern to policymakers and administrators alike.

We, therefore, are presenting our comments within the context that 1) the state role in JTPA should be maintained as well as maximizing local flexibility, and 2) the issues raised in your draft bill, although certainly important, may not require legislative remedies at this time. To this end, we have identified six specific areas which we have prepared detailed comments and/or recommendations.

First, the issue of distributing JTPA resources equitably has generated a great deal of discussion since JTPA was enacted. In reviewing the research done by Abt Associates, who reported to you also at your June hearing, their analysis of the impact of the current formula suggests that unless the distribution formula was based on a much larger percent of economic disadvantaged numbers, one would not see a significant shift in funding shares among eligible localities. Furthermore, as we reported to you from our research, "Who Is Being Served In JTPA," the "unemployed-eligibles" are prime candidates for JTPA services. Therefore, the Commission does not support the altering of the allocation formula for JTPA.

Second, with respect to the bill's proposal to modify the make-up of the Private Industry Councils (PICs), we have several serious reservations to this suggested modification. Our primary concerns are the diminished role of the private sector and the reduced flexibility of local decisionmakers with respect to who should be on their PICs. Because 100% of the Council's composition is defined by the bill's language, local entities would be prevented from having several key representatives, such as welfare agencies and veterans groups, serve on PICs. We can not support this major erosion of local authority and reduced role of the private sector.

The concern over adequate representation of labor on Private Industry Councils (PICs) has been an issue since the enactment of JTPA. The Act clearly has several provisions which are intended to assure appropriate labor review of job training plans and consultation of labor on training contracts related to occupations which have significant numbers of persons employed by local unions.

Third, with respect to your proposal to increase the allowable service level to 15% for the number of non-economically disadvantaged participants who have barriers to employment, the issue is raised concerning for whom the Act is targeted. This increase in the percent of non-economically disadvantaged might result in a decrease in services to the those individuals who fall below the poverty guidelines. And we believe that JTPA should maintain its primary focus on serving the poorest of the eligible population. Also, according to a review of JTPA client characteristics for Program Years 1984 through 1986, we did not find that the current 10% flexibility was being fully used. The percent of those enrolled in JTPA who were economically disadvantaged has ranged from 92% to 93% for these three program years. Although our data were national in scope and may mask some local needs, we do not see the need to increase the allowable percent of serving non-economically disadvantaged persons.

Fourth, we are in complete agreement with your suggestion that the definition of economically disadvantaged persons for allocation purposes should be limited to those between 16 and 65 years of age. As we stated at your hearing in June, our research paper, "Who Is Served In JTPA Programs," showed that the vast majority of economically disadvantaged under 16 and over 65 years of age are not prime candidates for JTPA services.

Fifth, regarding the bill's proposed change to the definition of youth, we have serious reservations over this amendment, as this will expand the allowable activities in which 14 and 15 year olds can participate. The current limitation of only "preemployment skills training programs" for 14 and 15 year olds seems prudent and in line with the intent of this employment and training legislation.

Finally, with respect to the Youth Employment and Training Challenge Grants, we have two major areas of concern. One issue relates to the expanded federal role. Should not the states have the responsibility to review, approve and monitor these programs? Their role is necessary in not only maintaining consistent stewardship of local job training operations, but also in knowing first hand what successful youth efforts are being undertaken by their PICs.

Our other concern is that the creation of a competing entity which would be necessary with the "eligible partnerships" would be an unnecessary duplication of current PICs. Many of the representatives required of the "eligible partnerships" could be found (or are already) on existing PICs. Requiring the PICs to assure that the other representatives must be brought into the planning and implementation process in order to be eligible for "Challenge Grant" funding would be simpler, more cost effective, and less of an administrative burden.

One final issue that troubles us about this proposed program is that the funds necessary for this effort might be at the expense of those funds available for the main summer youth program. This program has seen so many swings in funding these last few years that states would rather not see further reductions to their available resources.

I hope these comments and recommendations are helpful to your development of this draft bill. I appreciate the opportunity to work with you and your Subcommittee on these issues of national importance.

Sincerely,

Gertrude C. McDonald
GERTRUDE C. MCDONALD
Chairman

Enclosure

Chicago Area Project
Strengthening Chicago's neighborhoods
Helping Chicago's young people

407 S. Dearborn Street
Suite 1300
Chicago, Illinois 60605
(312) 663-3574

Officers
BARRY T. McNAMARA Chairman
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LIONEL E. BOLIN*
JOHN A. BROSS JR.*
[illegible]
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[illegible] Director Community Planning
[illegible] Director of Training and Technical Assistance
[illegible] Director Program Administration & Evaluation
[illegible] Director Special Projects
*Members of the Executive Committee

September 8, 1988

Honorable Paul Simon
United States Senator
462 Dirksen Building
Washington, D. C. 20510

Dear Senator Simon:

On behalf of Chicago Area Project and the young people we serve, thank you for your thoughtful and effective leadership in aligning JTPA more closely with community need. We believe that continuity of commitment is of first importance at this stage -- and you are providing that.

I have enclosed our response to the draft of the Bill you propose to amend the Act. We appreciate your circulation of the draft and your solicitation of our response.

At CAP, we are now pulling together a national network of grass-roots community based organizations that serve youth. We intend to form a coalition of non-profit agencies that will bring greater coherence and the weight of unity to the improvement of JTPA. We want you to know of this initiative from the outset, as it is undertaken.

I hope that I, together with our Board Chairman, Barry McNamara, will have the chance to meet with you personally soon, in Chicago, to further explore our work and plans in the JTPA arena and to learn how we can be of the most help to your efforts. I will call your office to see if an early meeting can be arranged.

Thank you.

Yours sincerely,

David E. Whittaker

David E. Whittaker
Executive Director

cc: Barry McNamara, Chairman, CAP
Lionel Bolin, Vice-Chairman, CAP
John Bross, Vice-Chairman, CAP
William Hood, Secretary, CAP
Lamarr Gibson, Treasurer, CAP
Pat Fahy, Senator Simon's Office

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CHICAGO AREA PROJECT'S RESPONSE TO SIMON AMENDED VERSION OF JTPA, WITH RECOMMENDATIONS

CAP supports the Simon Bill to amend JTPA as a first step in the right direction. The challenge grant provision of the Simon Bill is a gratifying initiative, as are the broadened eligibility requirements and other provisions. CAP has seven recommendations that follow this response. The recommendations are based on CAP's understanding of the intent of the Act in the context of our neighborhood and community perspective of the actual, practical impact of the Act.

The reworking of the fund distribution formula is of first importance. A reformulation is essential to any effort that seeks to bring JTPA into better alignment with its statutory obligation, which assures that: "Each job training plan shall provide employment and training opportunities to those......who are most in need." We regard the Simon reformulation as an improvement, but think more is possible. We agree, for instance, with the ABT Associates view of the unreliability and destabilizing influence of figures based on "areas of substantial unemployment," and believe the distribution formula should be adjusted accordingly. (Recommendation #1 below addresses this point).

The Act states that "the Congress recognizes that job training is an investment in human capital and not an expense." While we wholeheartedly agree with that precept, we believe that the current level of funding is inconsistent with Congressional recognition of its importance. The administration's amended version of JTPA calls for program "enrichment," but does not contemplate a funding increase. Therefore, the administration amendment seems to deny itself, since experience instructs us that there can be no enrichment without new funding. The practical outcome of such a change would be to serve even fewer young people. For the past eight years, the economically disadvantaged population in Chicago and nationally has increased substantially. Youth unemployment among disadvantaged populations has risen sharply during the same period. At the same time, Summer Youth Funding in Chicago has decreased precipitously. The upshot -- real need has grown dramatically while help has dwindled, and hope along with it.

The Simon amendment, on the other hand, proposes $50 million in new funds, dedicated to strengthening linkages and infrastructure, in the form of a challenge grant. We applaud that provision. We would call for a further introduction of new funds to at least begin to bring federal support back toward the level of 1980. New allocations are necessary for the realistic start of a genuine attack on the problem. Funding is less today than was approved in 1980, while the need is much greater. It can be argued convincingly that the need has become more acute precisely because assistance has been withheld. This view recognizes the importance of education/job experience and similar linkages -- CAP supports the $50 million challenge grant -- while it also values job experience as educational input of vital utility: a point acknowledged in the language of the Bill. (Recommendation #2 below addresses this point).

Concerning the composition of the Private Industry Councils, CAP's position is that while the private-for-profit partners in JTPA efforts should be assured, a proprietary interest in local planning and policy formulation, so too should the local community be involved. CAP's entire 55-year experience argues that youth advocacy programs in socially disorganized communities have the best chance of success when local residents and local public and private institutions have a policy-setting engagement with the effort from the outset. Therefore, CAP believes that PICs should be more representative of the local, impacted area; and that more local members should be recruited from among community-based non-profit institutional constituents and also from those businesses that operate in the neighborhoods. An adjustment in the definition of "small business" (for the purposes of this Act), to firms employing fewer people could tend to reduce the pool of eligible employers in that category of PIC membership. Such a change could shift the focus to smaller, more proximal neighborhood employers. We recognize that the Simon amendments also would affect PIC composition with a view toward more local participation, and we support that aim. We would suggest some additional adjustments to that end. (Recommendation #3 below relates to this concern).

The repooling of federal JTPA funds at the state level historically has contributed to the deflection of money, and thus programs, from the areas and people in greatest need. Consistent with the aim of the Act, it is CAP's belief that the federal funds should be distributed to SDAs in a straight pass through the state apparatus. Funds should arrive in local areas undiluted and without state-level redirection. Absent such streamlining, there is a continuing likelihood of inequitable fund distribution. (For example, two areas of Illinois this year received a share of summer youth funds about twice as large as was called for by their share of the eligible population. At the same time, eight Illinois SDAs received less than their share of economically disadvantaged youth. One SDA received about 37 percent of its rightful share of summer youth employment funds, based on its population of eligible young people). (Recommendation #4 below addresses this concern).

Depending on which draft amendment is considered, 1989 could see a repetitiion of the grievous underfunding the Summer Youth Employment Program experienced in 1988, when thousands fewer were served for a shorter period. (Recommendation #5 below addresses this matter).

CAP supports the Federal Share provisions of the Simon amendments in principle, but regards the drop in assistance from 100 percent the first year to 33 1/3 percent the second year as too precipitous to build a solid foundation under the program over the time necessary for substantial long-range progress in treating the problem. (Recommendation #6 below treats this issue).

CAP Recommendations for changes in the soon to be introduced Simon Bill Amending the JTPA Act:

1. The fund distribution formula to be based on a 60 percent weighting for Economic Disadvantage, 40 percent weighting for excess unemployment, and no consideration for "areas of substantial unemployment."
2. The appropriation for Summer Youth Employment to be increased by $500 million in new funds for support of jobs for more young people over a longer period.

3. The reconstitution of PICs to be undertaken with the aim of including more locally based members, and the definition of "small business" to be changed from those firms employing 500 or fewer to those employing 100 or fewer. Also, under 102(a)(1), of the 50 percent contemplated by the Simon amendment, CAP recomemnds that at least 15 percent be made up of small business members, under our new recommended definition of small business. Under the Simon adjustment of 102(a)(2) we would recommend 15 rather than 25 percent of the membership of the categories named from 25 percent to 20 percent, and by removing community-based organizations from that group and naming them separately to compose 15 percent of the membership under that provision.
4. Funds allocated by the federal government to be delivered to SDAs according to the new formula in a straight pass through state government, without adjustments.
5. The language of the amended Bill should expedite the delivery of funds to SDAs, so that the Summer Youth Employment Program of calendar 1989 would benefit.
6. In the Simon draft amendment Bill, under "Federal Share," Sec. 276(b) CAP recommends that the staged federal assistance be 100 percent the first year, 80 percent the second year, 60 percent the third year, 40 percent thereafter.
7. Incorporate the provision in the administration's draft amendment to JTPA that excludes military personnel and college students from eligibility for JTPA services.

Illinois Department of Commerce and Community Affairs

Jay R. Hedges
Director

James R. Thompson
Governor

Steven D. McClure
Assistant Director

August 12, 1988

Honorable Paul Simon
U.S. Senator
462 Dirksen Office Building
Washington, D.C. 20510

Dear Senator Simon:

Thank you for the privilege of commenting on the draft bill that you will be submitting to amend Title II of the Job Training Partnership Act (JTPA).

Your intended change to the formula funding of JTPA Title II-A and II-B will reduce the funds Illinois receives annually; that is, if the base labor force data and economically disadvantaged numbers remain relatively the same among the states. We applied the formula in your Bill in our model of the national allotment process for the current program and calendar years and found that Illinois would have lost $822,248 of Title II-A funds and $876,720 of Title II-B funds if the formula was used for the current allotments.

The number of economically disadvantaged persons used by the U.S. Department of Labor for allotting JTPA funds to Illinois is 1,761,934. We in turn use county and sub-Cook County components of that number for SDA allocations. The new definition of this group in your Bill removes 592,966 youth aged 0-15 years and an estimated 208,519 persons aged 65 years or more; reducing the number to 960,448 who are 16 through 64 years of age. Illinois has a 46% drop in the criterion upon which more weight is to be placed. We do not know whether other states would be similarly affected and thus, cannot project the impact this definitional change would have on Illinois' relative share of the funds available.

Using this formula in the Illinois substate SDA allocation program for the current year has the effect of moving funds to Northern Cook County, Champaign County and the City of Chicago from other Illinois SDAs. From the start of JTPA there has been a problem with the Census data relating to measuring the number of economically disadvantaged. The Census data include resident college students. These students clearly do not need JTPA services; but, technically meet the income criteria for eligibility. The influence of including students has been small due to the relative size of the number of students to the total population defined as economically disadvantaged. The proposed changes to the definition of economically disadvantaged will

620 East Adams Street
Springfield, Illinois 62701

217/782-7500

State of Illinois Center
100 West Randolph Street, Suite 3-400
Chicago, Illinois 60601

312/917-7179
Telex 910-221-5559

Tourist Information Center
310 South Michigan Avenue, Suite 108
Chicago, Illinois 60604

312/793-2094

substantially reduce the size of the population by eliminating those less than 16 years of age and over age 64 years of age. Since all college students will remain in the definition, their proportional influence on the distribution of funds will increase due to the smaller total figure. This is the primary reason for the large percentage shift of funds to the Champaign SDA (which contains the University of Illinois) and the Northern Cook SDA (which contains Northwestern University and numerous other post secondary institutions). I have enclosed copies of some SDA allocation options depicting these fund shift effects.

As indicated earlier, the economically disadvantaged data is flawed by inclusion of resident college students who JTPA is not intended to serve. These data are also flawed by not being a current indicator of need for JTPA services.

With these evident weaknesses in the economically disadvantaged data, I strongly recommend that a close scrutiny of this measure be done before it is used as a cornerstone of funding formula changes. In addition, I am opposed to changes to JTPA that reduce opportunities for citizens of Illinois or its economic climate.

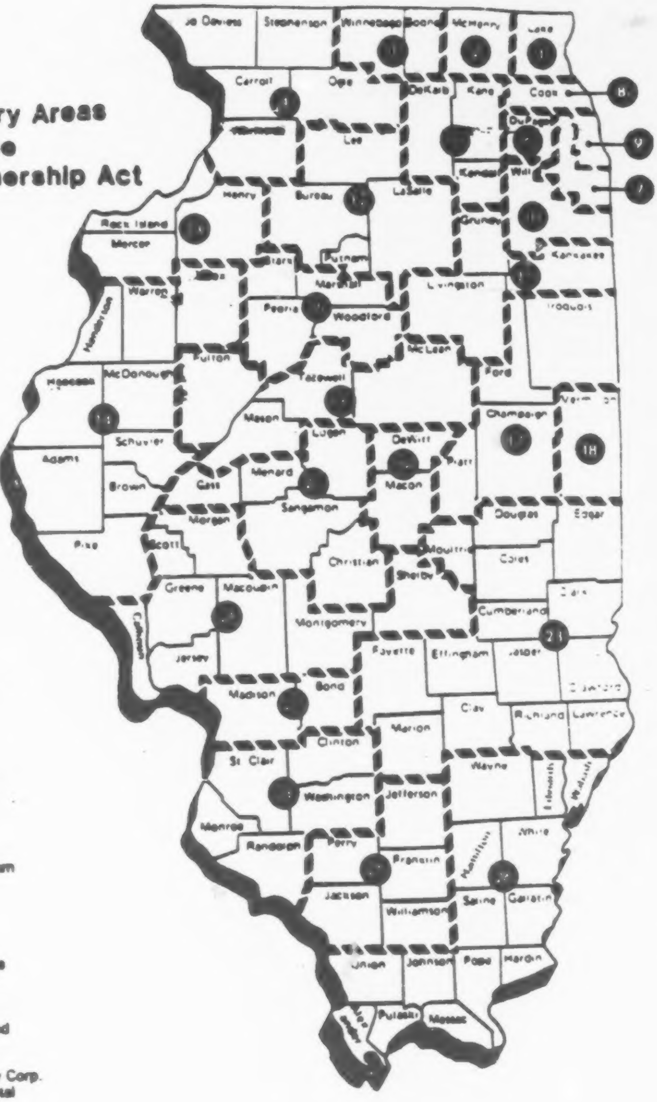
Sincerely,

Jay Hedges

Jay R. Hedges
Director

Enclosures

Service Delivery Areas under the Job Training Partnership Act


Jo Daviess
Stephenson
Winnebago
Boone
McHenry
Lake
Carroll
Ogle
DeKalb
Kane
Cook
8
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7
Whiteside
Lee
DuPage
Will
Kendall
Henry
Bureau
LaSalle
Rock Island
Mercer
Grundy
Stark
Putnam
Kankakee
Warren
Knox
Marshall
Livingston
Henderson
Peoria
Woodford
Iroquois
Hancock
McDonough
Fulton
McLean
Tazewell
Ford
Mason
Logan
Champaign
Vermilion
18
Schuyler
DeWitt
Piatt
Adams
Brown
Cass
Menard
Macon
Sangamon
Morgan
Douglas
Edgar
Pike
Scott
Moultrie
Christian
Coles
Shelby
Greene
Macoupin
Calhoun
Clark
Cumberland
Montgomery
Jersey
Fayette
Effingham
Jasper
23
Crawford
Madison
Bond
Clay
Richland
Lawrence
Marion
Clinton
St. Clair
Wayne
Edwards
Wabash
Washington
Jefferson
Monroe
White
Randolph
Perry
Franklin
Hamilton
Jackson
Williamson
Saline
Gallatin
Union
Johnson
Pope
Hardin
Alexander
Pulaski
Massac

Department of Commerce and Community Affairs

1	County of Lake
2	McHenry County
3	Rock River Training Corporation
4	Whiteside County Board JTPA
5	KDK Job Training Department
6	DuPage County PIC
7	PIC and Cook County Office of Employment and Training
8	Northern Cook County PIC, Inc.
9	Mayor's Office of Employment and Training
10	Will County PIC
11	Kankakee Community College
12	SDA 12 Corporation
13	Rock Island Tri-County Consortium
14	Carl Sandburg College
15	Private Industry Council
16	United Private Industry Council, Region 16 SDA
17	Champaign Consortium
18	Danville Area Community College
19	Private Industry Council
20	Land of Lincoln Consortium
21	SDA Private Industry Council
22	Madison County Employment and Training Department
23	Embarras River Basin Agency/ CEFS Economic Opportunity Corp.
24	St. Clair County Intergovernmental Grants Department
25	Illinois Farmers Union Training, Inc.
26	Private Industry Council, Inc., SDA 26

Comparison of Proposed Title 2A Formula (Using all ages of ED) with Present Formula for PY'88

	PY'88 Title 2A Present Formula	PY'88 Title 2A Proposed Formula	Net Difference	Percentage Difference
SDA 1	$1,354,412	$1,365,263	$10,851	0.8%
SDA 2	$507,084	$484,060	($23,024)	-4.5%
SDA 3	$2,166,442	$1,939,546	($226,896)	-10.5%
SDA 4	$1,167,951	$1,096,545	($71,406)	-6.1%
SDA 5	$1,721,383	$1,673,203	($48,180)	-2.8%
SDA 6	$844,293	$947,776	$103,483	12.3%
SDA 7	$7,536,737	$6,867,895	($668,842)	-8.9%
SDA 8	$1,092,599	$1,272,543	$179,944	16.5%
SDA 9	$26,735,846	$28,403,592	$1,667,746	6.2%
SDA 10	$1,821,199	$1,675,511	($145,688)	-8.0%
SDA 11	$1,167,688	$1,116,357	($51,331)	-4.4%
SDA 12	$1,425,317	$1,265,035	($160,282)	-11.2%
SDA 13	$1,849,170	$1,678,615	($170,555)	-9.2%
SDA 14	$1,996,577	$1,902,974	($93,603)	-4.7%
SDA 15	$1,479,881	$1,437,110	($42,771)	-2.9%
SDA 16	$1,787,709	$1,719,515	($68,194)	-3.8%
SDA 17	$1,063,096	$1,157,636	$94,540	8.9%
SDA 18	$930,062	$852,861	($77,201)	-8.3%
SDA 19	$1,239,317	$1,136,648	($102,669)	-8.3%
SDA 20	$1,372,803	$1,381,066	$8,263	0.6%
SDA 21	$1,428,025	$1,371,550	($56,475)	-4.0%
SDA 22	$2,085,666	$1,953,865	($131,801)	-6.3%
SDA 23	$2,952,945	$2,719,290	($233,655)	-7.9%
SDA 24	$3,219,699	$3,187,679	($32,020)	-1.0%
SDA 25	$2,357,783	$2,209,927	($147,856)	-6.3%
SDA 26	$2,207,902	$2,054,171	($153,731)	-7.0%
STATE TOTALS	$73,511,586	$72,870,233	($641,353)	-0.9%

Comparison of Proposed Title 2A Formula (Using only 16-64 Year-Old ED) with Present Formula for PY'88

	PY'88 Title 2A Present Formula	PY'88 Title 2A Proposed Formula	Net Difference	Percentage Difference
SDA 1	$1,354,412	$1,389,099	$34,687	2.6%
SDA 2	$507,084	$482,270	($24,814)	-4.9%
SDA 3	$2,166,442	$1,923,036	($243,406)	-11.2%
SDA 4	$1,167,951	$1,074,973	($92,978)	-8.0%
SDA 5	$1,721,383	$1,729,233	$7,850	0.5%
SDA 6	$844,293	$999,053	$154,760	18.3%
SDA 7	$7,536,737	$7,028,321	($508,416)	-6.7%
SDA 8	$1,092,599	$1,384,402	$291,803	26.7%
SDA 9	$26,735,846	$28,298,283	$1,562,437	5.8%
SDA 10	$1,821,199	$1,656,939	($164,260)	-9.0%
SDA 11	$1,167,688	$1,083,606	($84,082)	-7.2%
SDA 12	$1,425,317	$1,223,726	($201,591)	-14.1%
SDA 13	$1,849,170	$1,655,828	($193,342)	-10.5%
SDA 14	$1,996,577	$1,902,286	($94,291)	-4.7%
SDA 15	$1,479,881	$1,410,943	($68,938)	-4.7%
SDA 16	$1,787,709	$1,789,537	$1,828	0.1%
SDA 17	$1,063,096	$1,333,014	$269,918	25.4%
SDA 18	$930,062	$826,597	($103,465)	-11.1%
SDA 19	$1,239,317	$1,094,987	($144,330)	-11.6%
SDA 20	$1,372,803	$1,337,743	($35,060)	-2.6%
SDA 21	$1,428,025	$1,317,135	($110,890)	-7.8%
SDA 22	$2,085,666	$1,955,900	($129,766)	-6.2%
SDA 23	$2,952,945	$2,671,203	($281,742)	-9.5%
SDA 24	$3,219,699	$3,054,035	($165,664)	-5.1%
SDA 25	$2,357,783	$2,293,074	($64,709)	-2.7%
SDA 26	$2,207,902	$1,955,010	($252,892)	-11.5%
STATE TOTALS	$73,511,586	$72,870,233	($641,353)	-0.9%

Comparison of Proposed Title 2A Formula (Using all ages of ED) with Present Formula for PY'88 (with Hold-Harmless)

	PY'88 Title 2A Present Formula (Hold-Harmless)	PY'88 Title 2A Proposed Formula (Hold-Harmless)	Net Difference	Percentage Difference
SDA 1	$1,325,291	$1,334,184	$8,893	0.7%
SDA 2	$614,320	$608,960	($5,360)	-0.9%
SDA 3	$2,119,862	$1,895,394	($224,468)	-10.6%
SDA 4	$1,211,229	$1,200,662	($10,567)	-0.9%
SDA 5	$1,725,868	$1,710,811	($15,057)	-0.9%
SDA 6	~~$1,527,500~~	~~$1,514,173~~	~~($13,327)~~	-0.9%
SDA 7	$7,374,691	$6,711,553	($663,138)	-9.0%
SDA 8	$1,604,369	$1,590,372	($13,997)	-0.9%
SDA 9	$26,161,002	$27,757,007	$1,596,005	6.1%
SDA 10	$1,782,042	$1,637,369	($144,673)	-8.1%
SDA 11	$1,142,582	$1,090,944	($51,638)	-4.5%
SDA 12	$1,394,671	$1,264,992	($129,679)	-9.3%
SDA 13	$1,907,784	$1,891,139	($16,645)	-0.9%
SDA 14	$1,953,649	$1,897,602	($56,047)	-2.9%
SDA 15	$1,465,601	$1,452,814	($12,787)	-0.9%
SDA 16	$1,749,272	$1,697,883	($51,389)	-2.9%
SDA 17	$1,040,239	$1,131,283	$91,044	8.8%
SDA 18	$910,065	$833,446	($76,619)	-8.4%
SDA 19	$1,212,671	$1,110,773	($101,898)	-8.4%
SDA 20	$1,343,287	$1,349,627	$6,340	0.5%
SDA 21	$1,397,321	$1,340,328	($56,993)	-4.1%
SDA 22	$2,040,823	$1,909,386	($131,437)	-6.4%
SDA 23	$2,889,454	$2,657,388	($232,066)	-8.0%
SDA 24	$3,150,473	$3,115,114	($35,359)	-1.1%
SDA 25	$2,307,089	$2,159,619	($147,470)	-6.4%
SDA 26	$2,160,431	$2,007,410	($153,021)	-7.1%
STATE TOTALS	$73,511,586	$72,870,233	($641,353)	-0.9%

Comparison of Proposed Title 2A Formula (Using only 16-64 Year-Old ED) with Present Formula for PY'88 (with Hold-Harmless)

	PY'88 Title 2A Present Formula (Hold-Harmless)	PY'88 Title 2A Proposed Formula (Hold-Harmless)	Net Difference	Percentage Difference
SDA 1	$1,325,291	$1,359,660	$34,369	2.6%
SDA 2	$614,320	$608,961	($5,359)	-0.9%
SDA 3	$2,119,862	$1,882,280	($237,582)	11.2%
SDA 4	$1,211,229	$1,200,662	($10,567)	-0.9%
SDA 5	$1,725,868	$1,710,811	($15,057)	-0.9%
SDA 6	$1,527,500	$1,514,173	($13,327)	-0.9%
SDA 7	$7,374,691	$6,879,366	($495,325)	-6.7%
SDA 8	$1,604,369	$1,590,372	($13,997)	-0.9%
SDA 9	$26,161,002	$27,698,544	$1,537,542	5.9%
SDA 10	$1,782,042	$1,621,822	($160,220)	-9.0%
SDA 11	$1,142,582	$1,084,792	($57,790)	-5.1%
SDA 12	$1,394,671	$1,264,992	($129,679)	-9.3%
SDA 13	$1,907,784	$1,891,139	($16,645)	-0.9%
SDA 14	$1,953,649	$1,897,602	($56,047)	-2.9%
SDA 15	$1,465,601	$1,452,814	($12,787)	-0.9%
SDA 16	$1,749,272	$1,751,611	$2,339	0.1%
SDA 17	$1,040,239	$1,304,763	$264,524	25.4%
SDA 18	$910,065	$809,079	($100,986)	-11.1%
SDA 19	$1,212,671	$1,071,780	($140,891)	-11.6%
SDA 20	$1,343,287	$1,309,392	($33,895)	-2.5%
SDA 21	$1,397,321	$1,289,220	($108,101)	-7.7%
SDA 22	$2,040,823	$1,914,447	($126,376)	-6.2%
SDA 23	$2,889,454	$2,614,591	($274,863)	-9.5%
SDA 24	$3,150,473	$2,989,309	($161,164)	-5.1%
SDA 25	$2,307,089	$2,244,475	($62,614)	-2.7%
SDA 26	$2,160,431	$1,913,576	($246,855)	-11.4%
STATE TOTALS	$73,511,586	$72,870,233	($641,353)	-0.9%

Comparison of Proposed Title 2B Formula (Using all ages of ED) with Present Formula for CY'88

	CY'88 Title 2B Present Formula	CY'88 Title 2B Proposed Formula	Net Difference	Percentage Difference
SDA 1	$684,219	$679,345	($4,874)	-0.7%
SDA 2	$256,170	$240,867	($15,303)	-6.0%
SDA 3	$1,094,438	$965,104	($129,334)	-11.8%
SDA 4	$590,023	$545,633	($44,390)	-7.5%
SDA 5	$869,604	$832,573	($37,031)	-4.3%
SDA 6	$426,518	$471,606	$45,088	10.6%
SDA 7	$3,807,392	$3,417,414	($389,978)	-10.2%
SDA 8	$551,957	$633,208	$81,251	14.7%
SDA 9	$13,506,353	$14,133,421	$627,068	4.6%
SDA 10	$920,029	$833,722	($86,307)	-9.4%
SDA 11	$589,890	$555,491	($34,399)	-5.8%
SDA 12	$720,038	$629,472	($90,566)	-12.6%
SDA 13	$934,159	$835,266	($98,893)	-10.6%
SDA 14	$1,008,626	$946,906	($61,720)	-6.1%
SDA 15	$747,603	$715,095	($32,508)	-4.3%
SDA 16	$903,111	$855,618	($47,493)	-5.3%
SDA 17	$537,052	$576,031	$38,979	7.3%
SDA 18	$469,847	$424,377	($45,470)	-9.7%
SDA 19	$626,075	$565,587	($60,488)	-9.7%
SDA 20	$693,509	$687,208	($6,301)	-0.9%
SDA 21	$721,406	$682,473	($38,933)	-5.4%
SDA 22	$1,053,632	$972,229	($81,403)	-7.7%
SDA 23	$1,491,762	$1,353,099	($138,663)	-9.3%
SDA 24	$1,626,520	$1,586,166	($40,354)	-2.5%
SDA 25	$1,191,099	$1,099,643	($91,456)	-7.7%
SDA 26	$1,115,383	$1,022,141	($93,242)	-8.4%
STATE TOTALS	$37,136,415	$36,259,695	($876,720)	-2.4%

Comparison of Proposed Title 2B Formula (Using 16-64 Year-Old ED) with Present Formula for CY'88

	CY'88 Title 2B Present Formula	CY'88 Title 2B Proposed Formula	Net Difference	Percentage Difference
SDA 1	$684,219	$691,206	$6,987	1.0%
SDA 2	$256,170	$239,974	($16,196)	-6.3%
SDA 3	$1,094,438	$956,889	($137,549)	-12.6%
SDA 4	$590,023	$534,899	($55,124)	-9.3%
SDA 5	$869,604	$860,454	($9,150)	-1.1%
SDA 6	$426,518	$497,121	$70,603	16.6%
SDA 7	$3,807,392	$3,497,241	($310,151)	-8.1%
SDA 8	$551,957	$688,868	$136,911	24.8%
SDA 9	$13,506,353	$14,081,017	$574,664	4.3%
SDA 10	$920,029	$824,481	($95,548)	-10.4%
SDA 11	$589,890	$539,195	($50,695)	-8.6%
SDA 12	$720,038	$608,917	($111,121)	-15.4%
SDA 13	$934,159	$823,928	($110,231)	-11.8%
SDA 14	$1,008,626	$946,563	($62,063)	-6.2%
SDA 15	$747,603	$702,075	($45,528)	-6.1%
SDA 16	$903,111	$890,461	($12,650)	-1.4%
SDA 17	$537,052	$663,298	$126,246	23.5%
SDA 18	$469,847	$411,309	($58,538)	-12.5%
SDA 19	$626,075	$544,857	($81,218)	-13.0%
SDA 20	$693,509	$665,651	($27,858)	-4.0%
SDA 21	$721,406	$655,397	($66,009)	-9.2%
SDA 22	$1,053,632	$973,241	($80,391)	-7.6%
SDA 23	$1,491,762	$1,329,171	($162,591)	-10.9%
SDA 24	$1,626,520	$1,519,666	($106,854)	-6.6%
SDA 25	$1,191,099	$1,141,017	($50,082)	-4.2%
SDA 26	$1,115,383	$972,799	($142,584)	-12.8%
STATE TOTALS	$37,136,415	$36,259,695	($876,720)	-2.4%

Comparison of Proposed Title 2B Formula (Using all ages of ED) with Present Formula for CY'88 (with Hold-Harmless)

	CY'88 Title 2B Present Formula (Hold-Harmless)	CY'88 Title 2B Proposed Formula (Hold-Harmless)	Net Difference	Percentage Difference
SDA 1	$649,154	$678,552	$29,398	4.5%
SDA 2	$243,039	$240,584	($2,455)	-1.0%
SDA 3	$1,038,351	$963,978	($74,373)	-7.2%
SDA 4	$559,785	$544,996	($14,789)	-2.6%
SDA 5	$825,039	$831,602	$6,563	0.8%
SDA 6	$509,933	$497,895	($12,038)	-2.4%
SDA 7	$3,612,272	$3,413,429	($198,843)	-5.5%
SDA 8	$663,587	$647,921	($15,666)	-2.4%
SDA 9	$14,453,554	$14,116,937	($336,617)	-2.3%
SDA 10	$872,880	$832,750	($40,130)	-4.6%
SDA 11	$559,660	$554,843	($4,817)	-0.9%
SDA 12	$683,138	$628,738	($54,400)	-8.0%
SDA 13	$886,286	$834,292	($51,994)	-5.9%
SDA 14	$956,937	$945,802	($11,135)	-1.2%
SDA 15	$727,883	$714,261	($13,622)	-1.9%
SDA 16	$856,829	$854,620	($2,209)	-0.3%
SDA 17	$509,530	$575,359	$65,829	12.9%
SDA 18	$445,768	$423,882	($21,886)	-4.9%
SDA 19	$593,991	$564,928	($29,063)	-4.9%
SDA 20	$657,969	$686,407	$28,438	4.3%
SDA 21	$684,436	$681,677	($2,759)	-0.4%
SDA 22	$999,636	$971,095	($28,541)	-2.9%
SDA 23	$1,415,313	$1,351,521	($63,792)	-4.5%
SDA 24	$1,543,165	$1,584,316	$41.151	2.7%
SDA 25	$1,130,058	$1,098,361	($31,697)	-2.8%
SDA 26	$1,058,222	$1,020,949	($37,273)	-3.5%
STATE TOTALS	$37,136,415	$36,259,695	($876,720)	-2.4%

Comparison of Proposed Title 2B Formula (Using only 16-64 Year-Old ED) with Present Formula for CY'88 (with Hold-Harmless)

	CY'88 Title 2B Present Formula (Hold-Harmless)	CY'88 Title 2B Proposed Formula (Hold-Harmless)	Net Difference	Percentage Difference
SDA 1	$649,154	$689,864	$40,710	6.3%
SDA 2	$243,039	$239,509	($3,530)	-1.5%
SDA 3	$1,038,351	$955,032	($83,319)	-8.0%
SDA 4	$559,785	$533,861	($25,924)	-4.6%
SDA 5	$825,039	$858,784	$33,745	4.1%
SDA 6	$509,933	$497,895	($12,038)	-2.4%
SDA 7	$3,612,272	$3,490,454	($121,818)	-3.4%
SDA 8	$663,587	$687,531	$23,944	3.6%
SDA 9	$14,453,554	$14,112,333	($341,221)	-2.4%
SDA 10	$872,880	$822,881	($49,999)	-5.7%
SDA 11	$559,660	$538,148	($21,512)	-3.8%
SDA 12	$683,138	$607,735	($75,403)	-11.0%
SDA 13	$886,286	$822,329	($63,957)	-7.2%
SDA 14	$956,937	$944,727	($12,210)	-1.3%
SDA 15	$727,883	$710,699	($17,184)	-2.4%
SDA 16	$856,829	$888,733	$31,904	3.7%
SDA 17	$509,530	$662,011	$152,481	29.9%
SDA 18	$445.768	$410.510	($35,258)	-7.9%
SDA 19	$593,991	$543,800	($50,191)	-8.4%
SDA 20	$657,969	$664,359	$6,390	1.0%
SDA 21	$684,436	$654,125	($30,311)	-4.4%
SDA 22	$999,636	$971,353	($28,283)	-2.8%
SDA 23	$1,415,313	$1,326,592	($88,721)	-6.3%
SDA 24	$1,543,165	$1,516,717	($26,448)	-1.7%
SDA 25	$1,130,058	$1,138,802	$8,744	0.8%
SDA 26	$1,058,222	$970,911	($87,311)	-8.3%
STATE TOTALS	$37,136,415	$36,259,695	($876,720)	-2.4%

Comparison of Proposed Title 2B Formula (Using all ages of ED) with Present Formula for CY'88 (with Hold-Harmless and Reallocation)

	CY'88 Title 2B Present Formula (Hold-Harmless) (Reallocated)	CY'88 Title 2B Proposed Formula (Hold-Harmless) (Reallocated)	Net Difference	Percentage Difference
SDA 1	$651,896	$681,485	$29,589	4.5%
SDA 2	$214,755	$212,303	($2,452)	-1.1%
SDA 3	$1,042,736	$968,145	($74,591)	-7.2%
SDA 4	$562,149	$547,352	($14,797)	-2.6%
SDA 5	$828,523	$835,197	$6,674	0.8%
SDA 6	$506,367	$494,327	($12,040)	-2.4%
SDA 7	$3,627,523	$3,428,182	($199,341)	-5.5%
SDA 8	$627,599	$611,931	($15,668)	-2.5%
SDA 9	$14,514,589	$14,177,954	($336,635)	-2.3%
SDA 10	$876,566	$836,349	($40,217)	-4.6%
SDA 11	$562,023	$557,241	($4,782)	-0.9%
SDA 12	$630,338	$575,938	($54,400)	-8.6%
SDA 13	$882,239	$830,108	($52,131)	-5.9%
SDA 14	$960,978	$949,890	($11,088)	-1.2%
SDA 15	$730,957	$717,348	($13,609)	-1.9%
SDA 16	$860,447	$858,314	($2,133)	-0.2%
SDA 17	$511,682	$577,846	$66,164	12.9%
SDA 18	$447,651	$425,714	($21,937)	-4.9%
SDA 19	$596,499	$567,370	($29,129)	-4.9%
SDA 20	$660,747	$689,373	$28,626	4.3%
SDA 21	$667,800	$665,041	($2,759)	-0.4%
SDA 22	$1,003,857	$975,292	($28,565)	-2.8%
SDA 23	$1,421,290	$1,357,363	($63,927)	-4.5%
SDA 24	$1,549,682	$1,591,163	$41,481	2.7%
SDA 25	$1,134,831	$1,103,108	($31,723)	-2.8%
SDA 26	$1,062,691	$1,025,361	($37,330)	-3.5%
STATE TOTALS	$37,136,415	$36,259,695	($876,720)	-2.4%

Comparison of Proposed Title 2B Formula (Using 16-64 Year-Old ED) with Present Formula for CY'88

(with Hold-Harmless and Reallocation)

	CY'88 Title 2B Present Formula (Hold-Harmless) (Reallocated)	CY'88 Title 2B Proposed Formula (Hold-Harmless) (Reallocated)	Net Difference	Percentage Difference
SDA 1	$651,896	$692,842	$40,946	6.3%
SDA 2	$214,755	$211,225	($3,530)	-1.6%
SDA 3	$1,042,736	$959,154	($83,582)	-8.0%
SDA 4	$562,149	$536,165	($25,984)	-4.6%
SDA 5	$828,523	$862,491	$33,968	4.1%
SDA 6	$506,367	$494,324	($12,043)	-2.4%
SDA 7	$3,627,523	$3,505,519	($122,004)	-3.4%
SDA 8	$627,599	$651,709	$24,110	3.8%
SDA 9	$14,514,589	$14,173,243	($341,346)	-2.4%
SDA 10	$876,566	$826,432	($50,134)	-5.7%
SDA 11	$562,023	$540,471	($21,552)	-3.8%
SDA 12	$630,338	$554,935	($75,403)	-12.0%
SDA 13	$882,239	$818,088	($64,151)	-7.3%
SDA 14	$960,978	$948,804	($12,174)	-1.3%
SDA 15	$730,957	$713,767	($17,190)	-2.4%
SDA 16	$860,447	$892,568	$32,121	3.7%
SDA 17	$511,682	$664,868	$153,186	29.9%
SDA 18	$447,651	$412,282	($35,369)	-7.9%
SDA 19	$596,499	$546,147	($50,352)	-8.4%
SDA 20	$660,747	$667,227	$6,480	1.0%
SDA 21	$667,800	$637,489	($30,311)	-4.5%
SDA 22	$1,003,857	$975,545	($28,312)	-2.8%
SDA 23	$1,421,290	$1,332,318	($88,972)	-6.3%
SDA 24	$1,549,682	$1,523,263	($26,419)	-1.7%
SDA 25	$1,134,831	$1,143,718	$8,887	0.8%
SDA 26	$1,062,691	$975,101	($87,590)	-8.2%
STATE TOTALS	$37,136,415	$36,259,695	($876,720)	-2.4%

WASHINGTON COUNTY
JOB TRAINING CENTER
GOVERNMENT CENTER
14900 61ST STREET NORTH, P.O. BOX 6 • STILLWATER, MINNESOTA 55082-0006
612/779-5440

Fred Feuerpfeil
Center Director
Robert Crawford
Deputy Director

August 18, 1988

Senator Paul Simon
Senate Office Building
Washington, D.C. 20001

Dear Senator Simon:

Enclosed you will find a resolution supporting your amendments to Title II of JTPA.

This resolution was unanimously passed by our Private Industry Council.

We appreciate your efforts.

Yours truly,

Fred C. Feuerpfeil

Fred C. Feuerpfeil, Director
Job Training Center

Washington County does not discriminate on the basis of race, color, national origin, sex, religion, age and handicapped status in employment or the provision of services.

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612/779-5440

Fred Feuerpfeil
Center Director
Robert Crawford
Deputy Director

PRIVATE INDUSTRY COUNCIL

WASHINGTON COUNTY MINNESOTA

Date: August 18, 1988

Motion By: Floyd Nettleton   Seconded By: Rick Casperson

Approved: X Yes ___ No

AMENDMENTS TO TITLE II OF J.T.P.A.

WHEREAS, the Job Training Partnership Act, (JTPA), Public Law 97-300 was enacted in October 13, 1982; and

WHEREAS, Section 202 of said law sets the formula by which allocations for JTPA are made within the State to Service Delivery Areas (SDA's); and

WHEREAS, this formula allocates funds based on percentages of unemployed and economically disadvantaged instead of actual numbers; and

WHEREAS, this formula is now six years old and does not properly reflect the present demographics of the unemployed and economically disadvantaged in the metro area; and

WHEREAS, United States Senator Paul Simon (IL.) plans to introduce a bill in September 1988 that would amend Title II of the Job Training Partnership Act to allocate funds that reflect the relative numbers of unemployed and economically disadvantaged.

NOW, THEREFORE, BE IT RESOLVED, the Washington County Private Industry Council strongly supports Senator Simon's amendments that provide for a more equitable distribution of funds.

Attested: Fred C. Feuerpfeil
J.T.C. Director

Washington County does not discriminate on the basis of race, color, national origin, sex, religion, age and handicapped status in employment or the provision of services.

WASHINGTON COUNTY
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14900 61ST STREET NORTH, P.O. BOX 6 • STILLWATER, MINNESOTA 55082-0006
612/779-5440

Fred Feuerpfeil
Center Director
Robert Crawford
Deputy Director

August 8, 1988

Senator Paul Simon
C/O Senate Office Building
Washington, D.C. 20001

Dear Senator Simon:

As Director of the Washington County JTPA Service Delivery Area (SDA) in Minnesota, I am writing in support of your amendments to Title II of the Job Training Partnership Act.

As a Director of an SDA, I have heard many other SDA Directors complain about the inequitable distribution of JTPA funds. This unequal and unfair distribution has also been pointed out by the Abt Report released by the United State Department of Labor.

The present formula of distributing funds based on the percentages of unemployed instead of the number of unemployed has created gross iniquities. Dollars available per unemployed person form one SDA to another can vary by 300%. For Program Year 1988 in Minnesota the amount of dollars per unemployed person by SDA varies from a low of $49.34 to a high of $229.10.

I am enclosing funding distribution schedules for the past two program years and the present program year to show you how unfair the present distribution formula is.

Your efforts are deeply appreciated.

Yours truly,

Fred C. Feuerpfeil

Fred C. Feuerpfeil, Director
Job Training Center - SDA 16

FCF:mb
enclosure

Washington County does not discriminate on the basis of race, color, national origin, sex, religion, age and handicapped status in employment or the provision of services.

July 1-88 / June 30-89

SERVICE DELIVERY AREA (SDA)	PY 1988 IIA ALLOCA.	P/Y 87/88 PERCENT CHANGE	TOTAL SDA UNEMPLOYED	AMT. PER UNEMPL. PERSON
Northwest (1)	$ 744,203.	-8.2%	3,640	$ 204.45
Rural MN CEP (2)	$3,859,142.	-10.5%	13,353	$ 229.10
Northeast (3)	$2,189,974.	-9.5%	10,648	$ 205.67
Duluth (4)	$ 451,803.	-1.6%	2,393	$ 188.80
PIC 5(5)	$1,700,617.	-8.5%	10,031	$ 169.54
Southwest (6)	$ 867,364.	-19.2%	5,022	$ 172.71
South Central (7)	$ 807,834.	-9.3%	6,049	$ 133.55
Southeast (8)	$1,173,048.	-21.0%	9,540	$ 122.96
H-S-C (9)	$ 890,979.	-12.7%	16,667	$ 53.46
Minneapolis (10)	$1,395,588.	-10.6%	9,454	$ 147.62
St. Paul (11)	$1,099,415.	-3.0%	7,257	$ 151.50
Anoka Co. (12)	$ 439,996.	-20.1%	5,645	$ 77.94
Dakota Co. (14)	$ 407,853.	-10.7%	5,741	$ 71.04
Ramsey Co. (15)	$ 207,616.	-20.3%	4,208	$ 49.34
Washington Co (16)	$ 147,103.	-11.0%	2,659	$ 55.32 *
Benton&Stearns Cos(17)	$ 629,409.	-14.8%	4,230	$ 148.80
Winona Co. (18)	$ 187,445.	-17.0%	1,234	$ 151.90
Total:	$16,339,389.	-11.5%		

* Third Lowest

	PY 1986 SDA ALLOCATION TITLE IIA (July 1-86/June 30-87)			PY 1987 SDA ALLOCATION TITLE IIA (July 1-87/June 30-88)		
SDA	TOTAL UNEMPLOY	ALLOCATION SHARE	ALLOCATION PER UNEMP PERSON	TOTAL UNEMP	ALLOCATION SHARE	ALLOCATION PER UNEMP PERSON
1. NORTHWESTERN SDA	4,101	$702,271.00	$171.24	4,028	$810,377.00	$201.19
2. RURAL MN CEP	15,759	$3,223,747.00	$204.56	14,780	$3,418,677.00	$231.30
3. NORTH EASTERN SDA	13,203	$2,327,113.00	$176.25	12,193	$2,420,517.00	$198.52
4. CITY OF DULUTH	2,513	$439,041.00	$174.70	2,275	$459,244.00	$201.87
5. EAST CENTRAL PIC	12,911	$1,890,537.00	$146.42	12,330	$2,010,635.00	$163.07
6. SOUTH WESTERN PIC	6,767	$1,029,632.00	$152.15	5,828	$1,073,484.00	$184.19
7. SOUTH CENTRAL PIC	7,156	$814,480.00	$113.81	6,653	$890,185.00	$133.80
8. SOUTH EASTERN PIC	11,640	$1,359,227.00	$116.77	11,182	$1,485,306.00	$132.83
9. WEST METRO (HENNEPIN, SCOTT, CARVER)	16,296	$957,805.00	$58.77	17,092	$1,020,989.00	$59.73
10. CITY OF MINNEAPOLIS SDA	9,564	$1,324,781.00	$138.51	10,053	$1,561,103.00	$153.76
11. CITY ST. PAUL SDA	7,771	$1,044,412.00	$134.39	7,671	$1,133,691.00	$147.79
12. ANOKA CO. SDA	5,888	$481,199.00	$81.72	6,195	$550,636.00	$88.88
14. DAKOTA CO. SDA	5,528	$412,676.00	$74.65	5,515	$456,970.00	$82.86
15. RAMSEY CO. SDA	4,171	$243,293.00	$58.32	4,445	$260,358.00	$58.57
16. WASHINGTON CO. SDA	2,782	$151,029.00	$54.28	2,740	$165,252.00	$60.31
17. STEARNS CO SDA	4,016	$629,361.00	$156.71	3,358	$585,665.00	$174.41
18. WINONA	1,539	$228,659.00	$148.57	1,493	$225,731.00	$151.19
	TOTAL 131,605	TOTAL $17,259,263.00	AVERAGE $127.17	TOTAL 127,831	TOTAL $18,528,820.00	AVERAGE $142.60

American Federation of Labor and Congress of Industrial Organizations

815 Sixteenth Street, N.W.
Washington, D.C. 20006
(202) 637-5000

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September 14, 1988

The Honorable Paul Simon
SD-462 Dirksen Senate Office Building
United States Senate
Washington, D.C. 20510

Dear Senator Simon:

Please find enclosed our comments on your draft bill amending Title II of the Job Training Partnership Act (JTPA):

1. **To target JTPA services on disadvantaged youth, the bill raises the weight given to the "economically disadvantaged" in the allocation formula from one-third to 50%.**

   It is difficult to comment without knowing how effective the system has been in serving the neediest in those areas that would receive substantial funding increases. If these areas are underspending now, it hardly makes sense to increase allocations without making some other fundamental changes.

   There may also be a need for a "hold harmless" provision to allow time for the system to adjust where a significant decrease in funding would occur. (For that matter, it might be useful to insert a provision that would increase local area funding over two years or more, to allow the system to gear up effectively without major pressure to get the money out.)

2. **Labor's representation on the Private Industry Council (PIC) is increased to 25%.**

   Current language in the Act requires nominations to the PICs from recognized state and local labor organizations or appropriate building trades councils. This language must be retained. Including "representatives of workers" as a category could cause a problem because it could potentially undercut the requirement for nominations from recognized labor organizations.

   Labor's representation on PICs should be equal to that of employers. If organized labor's representation was increased to 25%, it would still only be half of the employer's share of representation.

   The PICs should not be given three years to implement the changes in their membership. The new worker adjustment program requires some important changes in State Job Training Coordinating Council composition to be made in less than six months. There is no reason why PICs should be given a longer grace period than the state JTPA councils.

Where no lab org. exist

3. **The "ten percent window" for participants who are not economically disadvantaged is raised to 15%.**

   This change appears to contradict the major purpose of the amendments, which is to target those individuals who are most economically disadvantaged.

4. **The eligible age for youth is lowered from 16 to 14.**

   Depending on the services provided, lowering the age might be inconsistent with child-labor laws.

5. **The proposed Youth Employment and Training Challenge Grant provides grants to "eligible partnerships."**

   Labor organizations should be included in the list of entities that must be part of partnership. There is no mention in the bill about what entity could apply for the funds. Also, it might be very difficult for all seven organizations to agree on their respective roles in such a project.

   Promotion of apprenticeships should be added to the programs that could be operated by eligible partnerships.

6. **Priority in the award of challenge grants is given to partnerships composed of organizations, the majority of which have previously received grants under Title II of the Act.**

   Favoring organizations which have been or are currently involved in providing Title II services might not be as effective as involving other organizations, particularly Community Based Organizations (CBOs) and labor organizations that have not been as involved under JTPA, but were effective service providers under the Comprehensive Employment Training Act (CETA) and have a proven training capacity.

7. **A two-thirds match of federal funds is required after the first year of a project's operation.**

   Matching requirements in the JTPA dislocated-worker program have not had the intended results. Matching requirements created a paperwork nightmare for all concerned. For this reason, matching requirements have been dropped in the new workers adjustment program incorporated into the Trade Bill. It may be wise to consider an alternative.

I hope you will find our comments helpful. We look forward to working with you on this important legislation.

Sincerely,

Robert M. McGlotten

Robert M. McGlotten, Director
DEPARTMENT OF LEGISLATION

RMM:njt

The
Indiana Partners
In Education Program

August 11, 1988

Senator Paul Simon
Chairman, Sub-Committee on Employment
and Productivity
Committee on Labor and Human Resources
United States Senate
Washington, DC 20510-6300

Dear Senator Simon:

Thank you once again for the opportunity to provide input to the Job Training Partnership Act (JTPA legislation). I have tried to get others to respond to your proposed changes to JTPA, however, vacations and the shortness of time have not allowed for this input. Therefore, I am the sole source of an opinion.

First of all, let me thank you and your staff for paying close attention to the issues that we raised in our previous letter. We commend you for including our specific targets, the program funding for five years, and the requirements of accountability and substantive learner outcome.

May I stress that it is extremely important to build into either the legislation or the regulations that:

a. some of the appropriated funds be used for the proper management of the partnership effort by an "honest broker" on the state and local levels.

b. management assure the needs of all of the partners be met;

c. the technical assistance for partnership development follow the steps and principles of partnership that have provided us with a successful program. (They are attached.)

I have an additional concern and a question. Will the legislation you are proposing allow statewide or regional operating entities like The Indiana Partners in Education Program to apply for the funds and be the statewide manager/developer of partnerships and administrator of grants to local regions using federal funds as we are now? We recognize that we are somewhat unique and there are not many efforts like ours. But we also

A Project of the Indiana Economic Development Council, Inc.

8604 Allisonville Road, Suite 218, Indianapolis, Indiana 46250 (317) 576-0070

know that what we provide assures what you are trying to accomplish in the legislation. We also have evidence through requests for assistance from other states, that our model or a similar one is a trend for the future.

In reference to the formula changes that are recommended; I would not like to see any major shifts in funds that would harm Indiana. I cannot be specific since I have not had the opportunity as I mentioned, to discuss in great detail the ramifications of these formula changes. But, I trust in discussion with other states, that these concerns about changes in a formula will be their concern as well.

Once again, we are very grateful, as are the citizens of Indiana, to be able to contribute to legislation. Please keep us informed as to the status of this bill and feel free at any time to call us for additional assistance.

Best regards,

Margaret M. Dwyer

Margaret M. Dwyer
Director

cc: Brian Bosworth
Senator Quayle

Attachments:
Indiana Partners in Education Program
Steps and Principles for Partnership

The
Indiana Partners
In Education Program

STEPS TO A SUCCESSFUL PARTNERSHIP

1. Orientation for key decision-makers in business and education to the partnership philosophy and methods.

2. Assessment of the community's future and its resources and limitations. Analysis of these issues as they relate to the need for business/education partnerships.

3. Orientation to the partnership program for interested schools and businesses including those persons who will implement the activities.

4. Decision to have a partnership program by the Superintendent and some of the businesses in the community.

5. Sponsorship of the partnership program

    a) Formation of a Community Partnership Advisory Council and decisions on overall goals, objectives and policies.

    b) Selection of a manager for the Partnership Program.

6. Preparation of profiles of businesses and schools interested in having a partnership.

7. Matching of businesses and schools with the assistance of the Community Partnership Advisory Council.

8. Fact sharing between a business and a school who are considering a partnership.

9. Commitment to a Partnership by the business and the school.

10. Selection of volunteer leaders and the Partnership Policy Committee by the partners.

11. Relationship-building between partners through tours and visits of each other's facilities to assess needs, resources and limitations.

12. Orientation of volunteer leaders, business and education volunteers who wish to participate in the partnership.

13. Brainstorming and initial planning of activities by the Partnership Policy Committee and volunteers who wish to be involved in the activities.

A Project of the Indiana Economic Development Council, Inc.
8604 Allisonville Road, Suite 218, Indianapolis, Indiana 46250 (317) 576-0070

14. Additional training in Partnership project design, implementation, evaluation and public relations.

15. Implementation, evaluation and recognition of partnership projects.

16. Reviews of project evaluations and request for new projects by Partnership Policy Committee. (They also deal with organizational and governmental problems and report to the Community Advisory Council.)

17. Decision to recommit to the program by the partners at the end of the year.

The
Indiana Partners
In Education Program

PRINCIPLES FOR A SUCCESSFUL PARTNERSHIP

All programs are founded on principles, but it is the belief in an adherence to those principles by the partners that make the program work. In the Indiana Partners In Education Program, both partners must agree totally on the program and principles before developing a plan of action.

The following points must be reviewed carefully:

1. All goal-setting, planning and policy decisions for a community partners program is done by a business/education group. A partnership is a "grass-roots" phenomenon, not a program imposed on a community.
2. A partnership is a method of addressing a mutually recognized critical issue, a broadly accepted compelling issue in the community.
3. A community partnership director who acts as a manager, facilitator, trainer and coach is vital.
4. Involvement is voluntary by the organizations and the people.
5. Commitment to the program must come from the top leadership of the business and education community.
6. The business and education leaders must agree to make resources available and remove obstacles to the success of the program.
7. Each partner must recognize that business is primarily responsible for the development of its employees and education for its students.
8. Each partner must be viewed as an integral part of each other's institution, therefore planning for the partnership must be done jointly.
9. Business and education partners must be willing to develop a relationship and an understanding of each other's institutions and cultures.
10. Each partnership must be free to develop its own projects.
11. All partnerships and their projects must be based on understanding mutual needs, resources and limitations.

12. All projects must be planned to objectives, deliver the curriculum, support skill development, have an experiential component and undergo evaluation.

13. Students must be actively involved in the process of planning, designing, implementing and evaluating the partnership process, rather than simply the beneficiaries of the end result.

14. Initial projects must be limited, short-term and assured of success. They should be considered a learning experience on how the two partners can successfully work together.

15 Partnerships use time and expertise of volunteers, not money.

16. A partnership must have a minimum commitment of one school year.

17. Partnerships must have structure, organization, communication, evaluation and a volunteer recognition system.

18. Partners must realize that a fully mature relationship takes usually three to four years.

19. The partnership program must recognize and serve as an umbrella or broker for existing collaborative programs.

OICS OF AMERICA
WASHINGTON OFFICE
1511 K Street N.W. Suite 1041
Washington, DC 20005
(202) 737-2166

August 12, 1988

Honorable Paul Simon
Chairman
Subcommittee on Employment
and Productivity
United States Senate
Washington, DC 20510-6300

Dear Senator Simon:

Thank you for the opportunity to comment on the amendments to the Job Training Partnership Act which you plan to introduce next month. As you may recall, in my testimony on Senator Kennedy's Jobs for Employable Dependent Individuals Bill (JEDI), I raised the concern that JTPA was not serving those most in need; the poor, the long term unemployed and people with multiple barriers to employment. Since that time, Sar Levitan and Frank Gallo's book, A Second Chance Training for Jobs and the Office of the Inspector General have independently concluded that JTPA is generally serving those who are easiest to serve.

I commend you for your bill which moves in the direction of targeting limited resources to those most in need. This is wise social policy and necessary economic policy. The changing demographics demand that we educate and train minority youth, dropouts, teen parents, discouraged workers and other hard to serve people.

I have some specific comments and suggestions which I feel would improve your amendments. These are:

1. The change you propcse in the formula is positive. The number of economically disadvantaged persons in an area is a much better basis for funding than either unemployment or excess unemployment. We must target to low income. I know that available data limits the alternatives, but if there was a way to use relative numbers of illiterates and dropouts, it would target funds to areas with people most in need.

2. Your Challenge Grant program is focused on the basic needs of unemployed youth. Dropouts and illiterates are the biggest problem. Making the connection to post-secondary education and increasing employability skills are important services. I have some questions about the design:

a. What is the nature of the partnership? Would you consider trying different lead agencies for the partnership. Some would be lead by PICs, some by schools, some by an institutions of higher education and some by a community based organization.

b. Do the PIC, representatives of business, one or more CBO's, a school district and a university form a new corporation to apply for a challenge grant? Since a PIC may have representation of all of these groups, it might say it already has the partnership. If the challenge grant is going to change the way existing institutions work, it is going to need to be both independent and influential. Many communities will need a new organization.

c. Is the change in matching funds - 100% federal funding the first year to 33 1/3% the second year too much. Consider a reduction of 20% each year, the federal match would be 100% the first year, 80% the second year, 60% the third, 40% the fourth year and 20% the fifth year. This will enable the responsible institution time to build a solid and reliable funding base which can continue after the challenge grant.

d. Section 275 (2) requires that eligible partnerships have organizations from the areas of SDAs with the highest proportion of disadvantaged youth. Consider being more specific by changing disadvantaged youth to dropouts and illiterate youth. Also define areas so that services are targeted to inner city or rural neighborhoods where the problems are the greatest.

3. You have changed the composition of the Private Industry Council to include 25% respresentation of Labor Unions and workers and set the business representation at 50%. That leaves only 25% for all of the other interested parties, including community based organizations (CBOs) like OIC. I would like to suggest adapting the amendments to JTPA included in the Trade Bill. It provides for a change in the composition of the State Job Training Coordinating Council so that 30% of the members are from Labor unions and CBOs. Please consider 25% of the PIC composed of Labor union and CBO representatives. There is a need for significant community input if the programs are to be responsive to the needs of the people.

I hope that these comments are helpful. I look forward to working with you on future employment and training legislation.

Sincerely,

Leon H. Sullivan

Rev. Leon H. Sullivan
Founder and Chairman

Brandeis University

Center for
Human Resources

Heller Graduate School
Waltham, Massachusetts
02254-9110

617-736-3770
800-343-4705

9 August, 1988

The Honorable Paul Simon
United States Senate
The Committee on Labor and Human Resources
Washington, D.C. 20510-6300

Dear Senator Simon:

Thank you for granting me the privilege of commenting on your proposed legislation amending the Job Training Partnership Act.

I applaud both the purposes and provisions of this Act. It proposes modest but absolutely essential changes in the funds allocation formulae, makes helpful additions to the membership requirements for Private Industry Councils, and proposes an exciting initiative in the form of a "Challenge Grant" program for local partnerships.

I have some particular comments on the "Challenge Grant" provisions, which follow, but in no way should they be seen to diminish my wholehearted support for this initiative, which in my opinion shows great responsiveness to the lessons from partnerships which your Committee heard earlier this year.

p.3, lines 22 to 25	I agree with this change, even though many states and SDAs do not use the 10% "window". Some partnership programs, like Career Beginnings, will benefit by having mixed-income groups participating;
p.4, lines 1 to 3	I agree with this change. While many SDAs prefer to serve older, more job ready "youth", this will serve well those who wish to move toward "prevention" rather than "remediation".
p.5, lines 11 to 14	I agree with this provision, but would add the phrase... "and 'school-to-college'...transition programs" to convey support for programs which acknowledge the appropriateness for many young people of further education. Noting it explicitly here will encourage such things to happen.

-Continued on Next Page-

p.6, line 10	Because partnerships may want to seek assistance from other partnerships or from experts in program design in this area, I would simply insert... "to obtain or"... before the word "provide".
p.6, line 23	Because it will take time for new partnerships to incorporate (and many probably should not), and since you may not want local PICs necessarily to be the presumptive delivery agent (most are better at policy making than at service delivery), I would recommend inserting something like the following, probably labeled (2): ..."designate a 'lead agency' which will receive and disburse funds and/or operate the proposed program on behalf of the eligible partnership..."

I hope these comments are helpful. Please let me know if they need further clarification, or if there is any other way I can be of assistance.

Thank you again for the opportunity to comment on these important amendments.

Sincerely,

Erik Butler

Erik Payne Butler
Director

Indian and Native American Employment and Training Coalition

August 11th

Mr. BLAKEY:

Thanks for the chance to comment on the proposed youth program amendments to JTPA.

Our comments are enclosed. Would appreciate a chance to talk them over when you have an opportunity to do so.

Thanks also for your letter concerning Indian grantee problems with the performance standards system. We will be in contact with the DOL advisory committee for the Title II-A and Title III programs. In addition, Labor is establishing a separate Indian advisory committee and we will be doing an in-depth review through that and other mechanisms.

Norm

Information and Coordination Office: 1000 Wisconsin Avenue, Northwest, Washington, D.C. 20007 (202)342-0594

Indian and Native American
Employment and Training Coalition

August 11, 1988

The Hon. Paul Simon
Chairman
Subcommittee on Employment and Productivity
Committee on Labor and Human Resources
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

Thank you for the opportunity to make comments and suggestions regarding the draft of your 1988 amendments to the Job Training Partnership Act.

Indian tribes and Indian and Native American groups in off-reservation areas have provided job training services to Indian and Native American youth for the last fifteen years, first under CETA and currently under Section 401 in Part A of Title IV of JTPA.

In addition, Indian tribal governments and Native Alaskan organizations have received funding from a special set-aside in the Summer Youth program for an equal length of time. The Native Hawaiian grantee was also made eligible for funding from the Summer Youth set-aside by the 1977 amendments to CETA.

With respect to the proposed bill, we urge you to broaden the ability of Indian and Native American JTPA grantees to serve Indian and Native American youth in several ways.

First, we ask that all Section 401 grantees be made eligible to receive partnership grants under the new Title II-C program. This would involve minor changes in the definition of eligible partnership, the priority for funding and the non-federal share provisions.

Second, with respect to possible changes in the Summer Youth provisions in Title II-B of JTPA, we ask that the Indian set-aside in Section 252(a) of the current law be increased to a flat 2%, the amount of similar special set-asides in the CETA year-round youth programs. We also ask that Indian and Native American grantees now participating in the Summer Youth set-aside be permitted to use their Title II-B funds to offer services on a year-round basis.

Information and Coordination Office: 1000 Wisconsin Avenue, Northwest, Washington, D.C. 20007   (202)342-0594

Specific language on these issues is enclosed for your consideration, along with a brief justification for such changes.

We will be happy to continue to work with the Committee on these and other potential changes to the Job Training Partnership Act to strengthen the ability of Indian and Native American groups to serve the most severely disadvantaged segment of the American work force.

Thank you for your continued support for Indian employment and training program concerns.

Sincerely,

Norm DeWeaver

Norman C. DeWeaver
for the Coalition

Encl.

Indian Eligibility for Title II-C Partnership Grants

Recommended Changes in Bill Language

Amend **Section 272** by adding a new subsection (b) to provide:

> (b) An eligible partnership may also include an entity receiving financial assistance under section 401 which proposes a program including linkages with local employers and educational agencies serving Native American youth.

Amend Section 275(1) to insert the words "or section 401" after "title II."

Amend Section 276 by adding the following at the end of subsection (2):

> provided that the Secretary shall waive this subsection in the case of grants to eligible partnerships as defined in section 272(b).

Justification for Recommended Changes

Indian tribal governments and Indian and Native American off-reservation groups are full participants in the JTPA system. Nearly 8,000 Indian and Native American youth are currently served under the Section 401 Native American program. An additional 12,000 Indian and Native American youth in reservation areas, Oklahoma, Alaska and Hawaii are served through the Indian set-aside in Section 251(a) of the Summer Youth program provisions.

In order for the new Title II-C partnership program to reach these youth, Indian tribal governments and other Indian and Native American grantees should be made eligible for direct funding.

This requires that such entities be defined as eligible partnerships and included in the funding priority provision of the bill. As these entities do not have the tax base available to Title II-A SDAs, the non-federal share requirements of the bill must be relaxed in order to enable Indian and Native American groups to participate in the program.

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Three Park Avenue
New York, New York 10016
(212) 532-3200

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August 11, 1988

Honorable Paul Simon
Chairman
Subcommittee on Employment and Productivity
Committee on Labor and Human Resources
United States Senate
Washington, D.C. 20510-6300

Dear Senator:

Thank you for your letter dated July 26th requesting comments from MDRC on your proposed amendments to Title II-A of the Job Training Partnership Act (JTPA). We are very pleased that you would turn to MDRC for comments and reactions.

MDRC has had a wealth of recent experience with the JTPA system and, in particular, its programs for disadvantaged youth. MDRC has developed and is currently evaluating JOBSTART, a comprehensive education and training program for disadvantaged school dropouts. All 13 of the JOBSTART program sites rely on JTPA funding. The JOBSTART evaluation will not only analyze the effectiveness of a comprehensive approach for a disadvantaged subgroup of the youth population, but will also assess the feasibility of undertaking such approaches using funds available through JTPA. Although rigorous findings on JOBSTART's effectiveness are not yet available, we have already learned a great deal about the opportunities and constraints of using JTPA funding to reach and serve disadvantaged youth.

As stated in your letter, the principal thrust of the amendments is to direct more JTPA resources to hard-to-serve disadvantaged youth. The proposed modifications of the funding formula -- giving more weight to the number of economically disadvantaged individuals and de-emphasizing the measurement of employment rates -- is likely to lead to a redistribution of funds along the lines you seek.

By contrast, however, the amendments you proposed to Section 203(a)(2) of the Act regarding participants who are not economically disadvantaged seem somewhat inconsistent with this thrust for two reasons. First, increasing the "ten percent window" to 15 percent will permit local service delivery areas to increase by 50 percent the amount of resources currently expended on the nondisadvantaged and in so doing will to some degree undercut your effort to target more resources at disadvantaged youth. Secondly, JTPA's coverage, as has been documented in several studies, is quite low -- reaching only between 5 and 10 percent of those eligible for services under the Act -- and in this context increasing the window may further reduce the program's ability to serve more disadvantaged persons. On balance, it is not clear how much of the increased services to highly disadvantaged communities occasioned by the formula change will be offset by the diversions that could accompany the increase in the window.

We have also noted the proposal to change the definition of youth in Section 203(c)(1) by lowering the age from 16 to 14. We believe this is a very constructive change that will provide more flexibility to local programs. It should broaden allowable services for 14 and 15 year olds from the relatively limited scope of programming possible under the exemplary youth programs section of the Act and create the potential for more opportunities for collaboration with schools on dropout prevention.

We would also like to share several observations on the New Youth Employment and Training Challenge Grant.

- Will the challenge grant contain the same restrictions as Title II-A on the use of funds? Of particular importance in this regard is the 15 percent cap on support services. Our experience with youth programming suggests that the recruitment and retention of youth are major issues to be addressed in many programs across the nation. The existence of support services such as child care, intensive counseling, needs-based payments, and transportation allowances are important factors which can influence the participation and retention rates of youth in these programs. This suggests either eliminating or raising the ceiling on funding which can be used for supportive services.

- Part C is silent with regard to whether performance standards will be applied in the challenge grant. To the extent that standards will be used to guage the performance of the challenge grant program, we assume that the measures used will be the revised performance standards for Title II-A which include the new employment enchancement rate standards.

- The challenge grant may be awarded for a period of up to five years. This change is a laudable step that will potentially allow for greater continuity in the challenge grant than may exist among Title II-A activities. Allowing four- and five-year grant periods under the challenge grant amendments would permit greater institutional stability by enabling providers to concentrate on delivering services rather than preparing grant renewal applications.

- Federal Matching Rate. We noted in the amendments that the matching rate on the challenge grant has the federal government bearing 100 percent of the cost of programming in the first year, shrinking rapidly to one-third of the program cost for each succeeding fiscal year. On two grounds we would recommend that this provision be reconsidered. First, our experience working with programs that have a federal match suggest that local communities are more likely to commit to programming if they are invested financially in those programs from the outset. As such, we would recommend that the partnership be required to provide a 20 percent match for the federal grant in the first year. This rate has the advantage of being substantial enough to require a commitment by the local partnership while still offering a large incentive through the 80 percent federal match. Secondly, we believe partnerships may find moving from a 20 percent first-year match to the two-thirds second-year match easier than sustaining an even sharper drop in federal support in one year.

A more general observation on these amendments might also be considered. That is, while the effort to redistribute JTPA dollars towards communities with high concentrations of disadvantaged youth may be a desirable goal, it may be only a first step in the larger issue of delivering services to this target group. Once we know more about the effectiveness of comprehensive approaches for dropouts and other disadvantaged youth (and JOBSTART should provide some of these answers), a further examination of the current design and structure of the JTPA system may be warranted to increase the incentives for program administrators to offer more comprehensive services to a population which may be in need of services of both higher intensity and longer duration than is typically funded through the JTPA program.

We appreciate the opportunity to comment on these proposed amendments.

Sincerely,

Robert J. Ivry
Senior Vice President
Operations and Development

RJI/vdw

Johnson & Johnson

O. F. WENZLER
VICE PRESIDENT
CORPORATE STAFF

NEW BRUNSWICK, N.J. 08933

August 11, 1988

The Honorable Paul Simon
Chairman
Subcommittee on Employment & Productivity
Committee on Labor and Human Resources
United States Senate
Washington, D.C. 20510-6300

Dear Senator Simon:

I very much appreciate the opportunity to comment on your draft amendments to Title II of the Job Training Partnership Act (JTPA).

I share your concern regarding the distribution formula in as much as it tilts the distribution away from the disadvantaged. Since the intent of the Act is to serve the disadvantaged, a formula construct emphasizing areas where the disadvantaged are most concentrated is certainly in keeping with the basic intent of the legislation.

I am concerned however with your intention to change "a majority" to "50%" in regard to the composition of business people on private industry councils. Given the fact that the business community has provided its wholehearted support to the JTPA program the symbolism of this move would be most unfortunate.

Another suggestion for your consideration would be to strike the lines 7,8,9 on page 2 of the draft bill and substitute "(2) members of the non-exempt work force and organized labor representatives who shall constitute 25% of the membership of the Council; and"...

This would allow individual non-exempt workers to serve on the private industry councils and not require that they be "representatives of workers" in the formal sense. It is much easier to determine who the representatives of organized labor are and of course they too should be represented.

I hope you find these comments helpful.

Best regards,

Wenzler

O. F. Wenzler
Chairman
Greater Raritan Private
Industry Council, Inc.

55 Alcott Road
Concord, MA. 01742

1988 AUG 15 AM 10: 16

August 11, 1988

Senator Paul Simon
Committee on Labor and Human Resources
Washington, D. C. 20510 - 6300

Dear Senator Simon;

Thank you for inviting my comments on your proposed changes in Title II of the Job Training and Partnership Act. I have the following observations:

1. The changes you propose in the formula will bring additional funds to areas where they are needed and improve the targeting of the act for both youth and adults requiring assistance in qualifying for employment.

2. The new grant program outlined in Part C of your Amendments is well conceived in its broad provisions. I note one provision, Section 273 (a) (4), which makes the grant funds available for "cooperative adult training and education". Although I fully support this purpose, it seems to me advisable to consider some limitation of funds for adult education in a program which is clearly structured mainly to serve youth. Perhaps 85 per cent of funds could be designated for services to the 14-21 age group and the remainder to those 22 years of age and older.

Aside from this comment, let me raise the question of whether the legislative history you have developed provides a basis for encouraging a change in behavior by Private Industry Councils' Service Delivery Areas working in particular in terms of providing more services to the most disadvantaged youth. On pages 63-64 of The Forgotten Half: Non-College Youth in America, which I submitted to your committee, is a discussion of the need for this emphasis. That discussion points out that provisions already in the Act allow for such an emphasis. Anything your committee can do to encourage it will be all to the good.

Finally, funding for the JPTA program is woefully inadequate. To the extent that your committee can influence the matter, I hope you will do so.

Thank you for the opportunity to comment.

Sincerely,

Harold Howe II

Harold Howe II
Chairman: Youth and America's Future
William T. Grant Foundation
Commission on Work, Family and
Citizenship.

National
Alliance of
Business

1015 15th Street, N.W.
Washington, D.C. 20005
202 457-0040

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August 12, 1988

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[illegible]

Honorable Paul Simon
Chairman
Subcommittee on Employment and Productivity
Committee on Labor and Human Resources
United States Senate
Washington, D.C. 20510

Dear Senator Simon:

Thank you for inviting me to comment on your draft bill for amending the Job Training Partnership Act. Your proposal raises many interesting issues, and careful consideration needs to be given as to whether the specific solutions you propose are the best ones for addressing existing shortcomings.

I have provided detailed comments on your proposal (contained in the attached paper), but there is one issue which I wish to highlight here. It is important that the current composition of the private industry councils not be changed as the current composition is the most appropriate one for meeting the goals of the Job Training Partnership Act. The business majority ensures high-level business participation, while the flexibility left to local elected officials to select the composition of the remaining council members ensures that these members are appropriate to local conditions and priorities.

I hope the comments we have prepared prove useful to you. I look forward to working with you further on this bill as it progresses through Congress.

Sincerely,

Bill

William H. Kolberg
President

BEST AVAILABLE COPY

COMMENTS ON THE

"JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1988"

Private Industry Council Composition

The National Alliance of Business is very concerned about your proposal to change the composition of the private industry councils (PICs). We believe that the existing composition, which requires a business majority (greater than 50 percent) and gives the local level the flexibility to develop the remainder of the council in response to local conditions and priorities, best serves the goals of the Job Training Partnership Act (JTPA) -- to prepare economically disadvantaged adults and youth and dislocated workers for private sector employment and to assist in coordinating all employment and training programs in an area.

The composition of the private industry councils should not be changed simply to accommodate one segment of society's desire for increased representation, but rather should reflect the balance of skills, knowledge, and resources which the different segments can contribute to the employment and training effort. The purpose of the councils should be to ensure that JTPA programs provide relevant skills training which leads to job placements in the private sector, and the councils should have the composition which best helps them achieve this purpose.

Representation from the business community provides both a linkage to jobs and important information about the skill needs, and therefore the training needs, for those jobs. Additionally, in roundtable discussions we held with both JTPA professionals and volunteers, they indicated to us that business participation in JTPA has made a substantial and positive difference to the system. Representatives from both sectors told us that business involvement has helped to improve the public's perception of the program; has created an entre to the local employer community; has leveraged additional dollars, both public and private, for the program; has brought a more efficient and cost effective management style to program operation; and has ensured that training and program services were directed to private sector occupations demanded in the local communities.

But the quality of business' representation is only as good as the quality of the business volunteer. With majority representation on the PICs, business leaders feel a sense of ownership and develop a sense of commitment. A circular relationship occurs in which business leaders feel that participation on the PICs allows them to make substantial contributions, that PICs are responsible for concrete accomplishments, and that PICs are therefore "where the action is" in employment and training. Because of this, high-level business leaders seek appointment to PICs, and the PICs become even more productive.

While labor representation can also contribute to the effective functioning of the private industry councils, it is important to question whether that contribution would be equal in every service delivery area (SDA) in the country, whether that contribution would even be realized if the "labor" representatives were simply "worker" representatives, and whether the amount of the labor contribution balances a reduction in the contributions from public agency and community based organization representatives.

In serving on private industry councils, union representatives can ensure that JTPA participants do not displace existing workers, that wage rates for JTPA participants are appropriate, and that labor standards are upheld. Additionally, their participation makes it possible for JTPA training programs to benefit from union training experience and to link up with apprenticeable occupations.

However, not every SDA has a substantial union presence; in fact only 17 to 18 percent of employees in this country are unionized. In those areas where there is little union representation, it is unlikely that worker representatives would bring the same knowledge and resources to the PICs that high level labor representatives could. A flat requirement that 25 percent of the members of every PIC represent workers or organized labor would therefore be inappropriate.

Furthermore, an increase in the level of union representation would result in a reduction in the level of public agency and community based organization representation. It is becoming increasingly clear that providing effective program services necessitates linkages between JTPA and other public programs, such as welfare, education, economic development, and the employment service. Participants enter JTPA with a myriad of barriers to employment that extend beyond a lack of job skills. If we are to serve these individuals effectively, we have to be able to meet all of their needs, and this can best be done by coordinating JTPA services with those of other agencies. Representation of these agencies on the PICs would certainly facilitate such coordination.

Representatives from community based organizations should also not be shortchanged on the PICs. They provide access to the individuals eligible for JTPA services, and they have been working with and serving these individuals for years. Their knowledge about participant needs and strategies for meeting those needs is invaluable.

The existing composition of the private industry councils was established in 1978, and refined in 1981, after careful bipartisan deliberation over the purpose of the council. In keeping with the trend in employment and training that was started when the councils were first proposed under the Carter administration, our goal should be to strengthen the councils. We should seek to upgrade the quality of the councils by raising the level and stature of the business volunteers, and by allowing local elected officials to choose a mix of public agency, community based organization, and labor leaders who can best meet their program goals and their community environments. To assure the momentum we have gained in attracting business people, we should retain the business majority on the PICs. At the same time, we should not mandate any specific percentages for the other representatives.

Allotment and Within State Allocation

The National Alliance of Business supports your proposal to strengthen the weight placed on *the number of economically disadvantaged individuals* in the funding distribution formula. As Abt Associates demonstrated in their study "An Assessment of Funding Allocation Under the Job Training Partnership Act," the current weights in the distribution formula do not adequately distribute funds to the locations where there are the greatest number of JTPA eligibles.

While proposing this shift in funding weights, Congress should also consider another of Abt's recommendations which would increase the stability and the equity of the current formula. Specifically, Congress should replace the two threshold-based unemployment measures (*area of substantial unemployment* and *excess number of unemployed individuals*) with a single unemployment factor based on the *total number of unemployed individuals* in an area. This would eliminate the funding "cliffs" which cause states and SDAs to lose or gain significant amounts of money due to only fractional shifts in their unemployment rates.

There are also a few technical problems which need to be considered regarding the distribution formula. First, it is important that efforts be undertaken to avoid disruption of existing JTPA operations during the transition from the existing funding formula to the new funding formula. It is likely that the 90 percent hold harmless provision currently in the legislation will accomplish this, but Congress should examine the funding shifts that will occur at implementation to determine whether further provisions are necessary.

Second, in increasing the weight in the distribution formula placed on *the number of economically disadvantaged individuals* it becomes even more critical that the currency of the economically disadvantaged data be addressed. Some method must be employed to update the 10-year Census figures that are currently used.

Finally, while we support your proposal to restrict the count of the *economically disadvantaged* used in the distribution formula to those individuals between the ages of 16 and 65 (thus making the count more relevant to the population being served), we are concerned about data availability. While decennial Census data probably does contain numbers of economically disadvantaged individuals between the ages of 16 and 65, a more current data base may not. Therefore, we recommend that the data availability issue be resolved before enacting a law mandating the age 16 to 65 definition.

Eligibility for Services

We do not understand why you propose to expand the percentage of individuals SDAs can serve who do not meet the economically disadvantaged eligibility criteria. First, SDAs have not had trouble meeting the current requirement that 90 percent of their participants be economically disadvantaged; in program year 1986, 93 percent of those served nationwide met the criteria.

Second, and more important, there is some concern that the JTPA system is not now reaching far enough down the queue of eligible participants to serve those in the greatest need. Allowing SDAs to serve a greater percentage of individuals who do not meet the economically disadvantaged eligibility criteria would seem to exacerbate this problem.

It is true that programs focussed only on the disadvantaged can stigmatize participants, but with limited funds available, it would appear preferable to maintain JTPA's current focus on the disadvantaged.

Definition of Youth

We support your proposal to expand the definition of youth to those individuals aged 14 through 21. Many SDAs are already serving 14 and 15 year olds, and recent studies have shown that earlier interventions are necessary, and usually more effective, in serving at-risk youth.

Challenge Grant

Location of Authorization. We suggest that the challenge grant authorization you propose be contained within Title IV of JTPA, rather than within Title II. Both Title II-A and Title II-B provide funding to all states and SDAs through a funding distribution formula, while the challenge grant program you are proposing would be a limited grant program which would be conducted largely on a demonstration or experimental basis. Furthermore, the challenge grant proposal would require partnerships to apply directly to the Secretary of Labor for funding, and while Title II does not provide for a direct grant relationship between the Secretary of Labor and local contractors, Title IV does.

Eligible Partnerships. We are a little confused by your listing of partnerships eligible to apply for the grant. The language seems to suggest that partnerships must contain representatives from all six categories listed in the bill -- business, private industry councils, community-based organizations, state and local educational agencies, institutions of higher education, and libraries. A requirement that representatives from all six categories be included in challenge grant partnerships could in some cases lead to partnerships with redundant representation, and in other cases lead to partnerships with irrelevant representation.

We fully agree that all partnerships applying for grants under JTPA should include private industry councils (PICs). Such a requirement would ensure that the PICs know when any new programs are being developed in their areas so that they can coordinate services and avoid duplication. Furthermore, involving the PICs would substantially enhance the potential for successful programs being adopted by the local partnership authorities and included in their ongoing Title II-A activities. This is important if we intend for the challenge grant program to have influence beyond its financial and geographic limitations.

While it makes sense to require that PICs be included in all challenge grant partnerships, many of the other categories listed for inclusion are already represented on the PICs, and may not require additional representation within a challenge grant partnership. Additionally, while it may make sense to expand representation beyond the PICs for some challenge grant partnerships, the additional entities that should be involved would vary depending on the program a partnership chose to institute. We would recommend that you not require representation of any particular entities beyond the PICs, but instead suggest that challenge grant partnerships include representation from other entities relevant to their particular program proposals. To further encourage appropriate challenge grant partnerships, you could require that the composition of the partnerships be considered as part of the Secretary's selection criteria.

Use of Funds. We agree that more attention needs to be paid to those activities you have included within the challenge grant proposal; we too would like to see more activity in these areas.

When you redraft the bill, you might want to separate the first six program activities (number 1 through 6) from the final two program requirements (numbers 7 and 8). In doing this, you could permit challenge grant partnerships to implement either of the six activities, while requiring that any program they operate "provide substantive outcomes for the students and include accountability measures for such outcomes," and "where appropriate, provide for the sharing of facilities, equipment and resource materials among partnership organizations."

Payment. While we support the concept of a local contribution to the challenge grant programs, we are concerned that your proposal to provide 100 percent federal funding during the first year, and then only 33 1/3 percent federal funding for succeeding years provides too large a drop in funding after the first year. We suggest that the challenge grant programs be "weaned" off of the federal funds -- the localities should be required to contribute some match money during the first year, and/or the reduction in the federal share should be phased down over time.

Though challenge grant partnerships may have the best of intentions, they may not be able to raise significant amounts of money from non-federal sources during such a short time period. Because of this, many of the challenge grant programs may be forced to close down after one year, limiting the amount of useful information that can be gained from well-conducted demonstration programs.

Additional Comments. We suggest that partnerships operating challenge grants programs be required to evaluate their program activities and document both program activities and program results so that other service delivery areas can benefit from the program activities of the challenge grant partnerships.

Abt Associates Inc.
55 Wheeler Street, Cambridge, Massachusetts 02138-1168
Telephone • 617-492-7100
TWX: 710-3201382

1988 AUG 15 AM 10:19

August 12, 1988

Senator Paul Simon
Chairman, Subcommittee on Employment and Productivity
Committee on Labor and Human Resources
Washington, DC 20501-6300

Dear Senator Simon:

Thank you for the recent opportunity to testify before your Subcommittee at the June hearings on Who is Being Served in Title IIA of the Job Training Partnership Act. I found the hearings interesting and informative and Abt Associates was pleased to make a contribution to your efforts to strengthen JTPA.

I am writing to respond to Senator Quayle's inquiry regarding the relative merits of using the "economically disadvantaged" measure versus the "poverty" measure in the JTPA allocation formula.

From both a conceptual and measurement perspective, both the economically disadvantaged (ED) and poverty indicators are quite similar. Both are based upon family income level with counts most accurately derived from the decenial census. The ED measure is somewhat more comprehensive in that its definition is based upon the higher of two income thresholds (the OMB poverty guidelines and 70 percent of the BLS Lower Living Standard Income Level). As a result the economically disadvantaged population is larger than the poverty population. However, our research indicated that, holding total population size constant, there is a high degree of correlation (.98) between an area's poverty population and their ED population.

From a practical perspective, however, there are several important differences that should be noted. First and foremost, the adult poverty indicator is hampered by any adjustments for regional cost of living differences. The threshold assumes that if a family of 4 is making less than X dollars, that they are "equally poor" in any region of the country. While the ED measure is partially reliant on OMB poverty estimates, it does acknowledge cost of living differences through its concurrent use of the BLS Lower Living Standard thresholds which are regionally adjusted.

A second strength of the economically disadvantaged measure is that it directly reflects the JTPA eligibility criteria. From the perspective of conceptual consistency, I feel that it is important that job training funds are distributed in a manner which directly mirrors the distribution of the eligible population. Although the decenial census is not able to calculate State and SDA factor shares based on the precise definition of ED contained in the legislation, it is a closer proxy than the poverty measurement.

Since both measures would ultimately be derived from the decenial census, they are both subject to the often-voiced concerns over the currency of this data base. Our research indicated that this concern is quite valid in light of the significant shifts in the low income populations that have been observed over a ten year period.

In light of this problem, we devoted considerable attention to exploring alternative data sources for securing more current estimates of the economically disadvantaged population. The most promising option was the Current Population Survey's Annual Work Experience Supplement which has several key strengths. First, the CPS is a methodologically rigorous survey that is already in place. Second, the CPS is currently used to generate unemployment estimates for the current formula. As a result, the survey is a known commodity to the JTPA community. Finally, the CPS sampling frame has recently been redesigned to insure a greater level of accuracy in each state.

Our research indicated that a minimum of two (and more safely three) years of ED data should be combined to insure a sufficient level of accuracy at the state level. It should be noted, however, that the use of such updated estimates of the ED population from the CPS Work Experience Supplement still requires the use of the Census-based information to establish SDA level estimates for sub-state allocations.

I should note that our research into this option was preliminary in nature. However, this approach does appear to warrant further investigation by the Department of Labor.

Thank you again for the opportunity to participate in this dialog over the future of JTPA. I look forward to continuing the discussion as your bill proceeds through the legislative process.

Sincerely,

Glen Schneider
Senior Associate

GS/dpp

cc: Ms. Pat Fahey

CEDA
Community and Economic Development Association of Cook County, Inc.
224 North DesPlaines Street • Chicago, Illinois 60606 • 312/207-5444

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August 16, 1988

Honorable Paul Simon
Chair, Subcommittee on Employment and Productivity
Committee on Labor and Human Resources
United States Senate
Washington, D.C. 20510-6300

Dear Senator Simon:

Thank you very much for sending to us a copy of a draft bill amending Title II of the Job Training Partnership Act (JTPA) and for soliciting our comment on these proposed amendments.

In general, we agree with the principle thrusts of your amendments which are to improve JTPA opportunities for disadvantaged youth and to target JTPA resources to those areas where the need is greatest.

Our specific comments are as follows:

1. While the amendments seek to increase funds for youth, especially in the Title IIB Summer Youth Employment Training Program, by targeting to areas of greatest need, they do not insure that youth with the greatest need (i.e., significant barriers to employment; most at-risk; etc.) will be given priority for service. While we are aware of recent USDL rule changes seeking to redress the issue of "creaming" and providing incentives to reach the at-risk youth by altering the 1988-1989 performance standards, we would recommend that Congress more clearly state in legislation its intention in this regard. We do not recommend increasing the non-economically disadvantaged percentage from 10 to 15 percent.

2. The issue of meaningful, working (rather than paper) coordination at the Service Delivery Area (SDA) level to achieve a more effective program will be enhanced by the proposed "Challenge Grant" Program. We recommend:

   a. In order to insure the long-term viability of the projects which we believe are key to this success, the

Contd...P...2..

federal share should be 80% the second year; 50% of the third year and 33 1/3% each succeeding fiscal year thereafter. The non-federal share should be either in cash or in-kind.

b. The review and comment of the Private Industry Council (PIC) should be required as part of the application process in order to insure that the PIC is not by-passed and in the interests of fostering cooperation not competition.

3. A definition of "representatives of workers" in the amendments to Sec. 2, Private Industry Councils (lines 7,8,9), needs to be given. We do not know what this means in order to operationalize it. We agree, however, with the intent of the changes being proposed here.

Finally, you indicated that Senator Quayle will introduce amendments to Title IIB which you will incorporate into your bill. We would recommend for consideration:

1. A strong statement of purpose should be included. Our experience indicates that often PICs and SDA administrators do not see the SYETP as a priority effort, but rather as a "holdover from the early days of keeping youth off the streets to prevent 'hot summers'".

2. Performance standards should be developed for the SYETP.

3. On a limited basis, work experience as internships in the private-sector should be permitted.

4. SYETP should be considered a year round activity for program planning purposes and to encourage greater integration with the IIA program. However, work experience should remain an eligible activity and not be relegated to a lower priority; and the focus of participation should continue to be over the summer school recess period.

5. Remediation for those who require it should continue to be stressed, but local projects which demonstrate local community volunteer participation and which serve to foster a greater sense of community belonging on the part of the participants should be encouraged as an allowable activity.

Contd..P..3..

We would be priviledged to discuss these recommendation and other issues pertaining to them with you. Again thank you for giving us the opportunity to comment.

Sincerely yours,

Charles D. Hughes, Jr

Charles D. Hughes, Jr.
Executive Director

70001
Training & Employment Institute
West Wing, Suite 300
600 Maryland Ave, SW
Washington, DC 20024
202/484-0103

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August 12, 1988

Honorable Paul Simon
Chairman
Subcommittee on Employment and Productivity
United States Senate
Washington, D.C. 20510

1988 8:59

Dear Mr. Chairman:

Thank you for offering 70001 Training & Employment Institute the opportunity to review and comment on the proposed legislation that affects a population I am so concerned about. As a Congressional Associate, you have been a great support to 70001 and I welcome the chance to offer my comments on your amendment to JTPA. Overall your proposed amendment corrects many of the problems we have experienced directly with operations and services supported by JTPA. Below are comments on a few of the sections that I feel particularly strong about.

I firmly agree with your proposal to alter the allocation formula. Providing 25% on the basis of unemployment, 25% on the basis of excess unemployment, and 50% for the number of disadvantaged individuals in a state is a welcome improvement over the current method. On more than one occasion, 70001 has had to close one of our programs for dropouts because the unemployment rate improved and consequently the JTPA allocation went down. Yet, there were many youth who still wanted to avail themselves of our services. Your proposed change to the allocation formula will help prevent that. Unemployment statistics traditionally do not include disadvantaged youth who are both unemployed and discouraged, so I am pleased that you have chosen to place more weight on the number of disadvantaged and less weight on the unemployment levels.

Changing the definition of youth to include 14 and 15 year olds is also very responsive to the needs of our nation today. Our youth need to start preparing for the world of work earlier if we hope to turn the corner and begin to regain our competitive position in the world economy. We have experienced in our programs that earlier intervention yields better results. In addition, allowing these young people to explore career/work options, while being careful to structure such participation so as not to encourage leaving school early, makes it easier for them to understand the link between serious study and work. Even though compulsory education requires youth to remain in school up to age 16, 15% of the youth served in our programs are 16 and under. 14 and 15 year olds will therefore greatly benefit from eligibility to participate in Title II A programs.

I am also in support of the specific proportionate representation for Private Industry Councils as outlined in your amendment. This will ensure that organized labor, workers, education agencies, rehabilitation agencies, Community Based Organizations, and other such groups will have a say on Private Industry Councils while allowing business to retain its strong voice, as originally intended. I have served on a PIC for six years and know that your proposed change will have beneficial results.

The Youth Employment and Training Challenge Grant is an excellent addition to JTPA. I appreciate your emphasis on dropout prevention, school to work transition, and matching the labor force needs to basic education for youth. However, programs for high school dropouts is one area that appears to be left out of the list of potential uses for Challenge Grant Funds. I believe it would be wise to include programs for high school dropouts, which involve educational remediation and job skills training, in your list of potential programs supported under this incentive grant. You mention in Sec. 273 (a)(5) programs for people who have attained their GED, but there is not a specific reference to programs that help people reach this goal. Ideally, there will be no need for dropout programs if stay-in-school initiatives prove effective. Unfortunately, our nation is currently faced with a dropout rate of 25% annually. Until these statistics fall, youth who choose to leave school need programs to help them break the cycle of poverty.

There is a specific reference to dropout programs in Title IIA Sec. 205 of JTPA, but we want to be sure they are not deemphasized in your proposal. One way to underline their importance is to specifically include these programs in the Challenge Grant. The cost of many of the dropout programs has been shown to be more than reasonable, but current funding priorities are focused on dropout prevention for youth and "quick" job placement for youth and adults. JTPA concentrates primarily on placing people in employment so it tends to focus on job-ready individuals. Programs assisting the dropout population by combining intensive basic educational remediation with pre-employment and occupational skills training in an alternative environment that emphasizes self awareness and confidence have proven cost efficient over and over again. The benefits of these programs far outweigh the costs, so their inclusion in the list of potential uses of The Challenge Grant would be advantageous.

Once again, I commend you on your insight into the fine tuning needed in the current JTPA. 70001 Training & Employment Institute is in the business of helping disadvantaged youth grow and succeed. It is inspirational to know that you, a well respected and important figure, support the same cause as we do.

Please let me know if you have comments or questions. Either my staff or I would be pleased to meet with you at your convenience to discuss these issues further.

Sincerely,

Larry

Larry Brown
President

Children's Defense Fund

122 C Street, N.W.
Washington, D.C. 20001

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SO SMALL

Telephone (202) 628-8787

September 12, 1988

Pat Fahy, Legislative Assistant
Senate Subcommittee on Employment and Productivity
644 Dirksen Senate Office Building
Washington, DC 20510

Dear Pat:

Following up on our phone conversation two weeks ago, I appreciate the opportunity to respond on behalf of the Children's Defense Fund (CDF) to Chairman Simon's invitation for comments on your initial draft of the Job Training Partnership Act Amendments of 1988.

Let me begin by expressing our enthusiasm for efforts by the Senate Subcommittee on Employment and Productivity to review and build upon youth employment and training programs authorized under the federal Job Training Partnership Act (JTPA). CDF believes that steps to strengthen the youth components of JTPA are long overdue, both to expand the currently inadequate resources for such initiatives and to ensure that more disadvantaged populations are served. With Chairman Simon's leadership, a carefully-structured set of JTPA amendments could provide the vehicle for such steps in the 101st Congress.

As you may recall, Marian Wright Edelman testified on behalf of CDF before the Subcommittee on February 2, 1988 offering our comments on S. 1731 (sponsored by Senator Metzenbaum) and presenting other promising new directions for federal youth employment policy. Since that time, we have also completed a broader policy options paper which identifies major shortcomings of training efforts under JTPA and outlines next steps for federal action. I am enclosing both of these pieces as background for your longer-term work in this area and hopefully for future discussions with you during the quiet months before the new Congress convenes in 1989.

Knowing that you have the more immediate task in September of revising and introducing your draft JTPA amendments of 1988, a more detailed set of comments on that draft follows for your consideration. As I mentioned in our phone conversation, CDF is eager to work with the Subcommittee on the development of a new, targeted initiative to meet the employment and training needs of more disadvantaged youth. At the same time, we are concerned that the proposed "challenge grant" program as currently drafted may be too unfocused and insufficiently distinct from existing Title II-A authority to stimulate the development or replication of effective strategies to serve this population. We also continue to question the merits of the Administration's Title II-B proposal, believing that it would be a serious mistake to blur the focus of the only federal job training program now designed to provide skills, work experience and earned income during the critical summer months for poor and minority youths.

Section 2. Private Industry Councils. - CDF welcomes this clarification of the original intent in JTPA to established a balanced Private Industry Council in each service delivery area, including representatives of organized labor and community-based organizations as full and equal partners.

Section 3. Formula Changes. - While CDF has not worked extensively in the areas of JTPA state allotments and within state allocations, we do support greater targeting of available funds on communities with high concentrations of economically disadvantaged individuals. This proposed change would avoid some of the problems associated with the use of official unemployment data in funding allotments and focus JTPA funds more effectively on structural unemployment problems.

Section 4. Eligibility for Services. - I am not aware of any compelling evidence that the current 10 percent exemption for participants who are not economically disadvantaged is overly restrictive or in need of expansion. CDF supports retention of existing provisions to allow some flexibility in serving individuals with special needs while ensuring that the great majority of JTPA funds remain focused on the economically disadvantaged.

Section 5. Challenge Grants. - CDF shares the belief that a new initiative is needed to support and stimulate the development of targeted programs which are responsive to the needs of more disadvantaged youth. In this context, we applaud your efforts to draft a "challenge grant" program as a new Part C of Title II of JTPA. We are particularly encouraged by your focus on the development of broad, community-wide initiatives to create and sustain effective new interventions for disadvantaged youth.

In other respects, however, we are concerned that the "challenge grant" approach in its current form would fail to increase opportunities for remedial education and vocational training for those young people who are now underserved by JTPA's Title II-A programs. While the unmet needs of more disadvantaged youth provides the strongest justification for a new Part C to supplement existing JTPA authorities, **the present draft neither targets this** population nor defines the range of allowable activities in sufficient detail to ensure that they would be responsive to this population's needs. The "partnership" requirement by itself seems inadequate to fill the gaps in current JTPA programs or to merit creation of a new Part C. Indeed, the purposes of the "challenge grant" program overlap with existing Title II-A authorities to such an extent that the need for a new and separate authorization would almost certainly be questioned.

CDF believes that more focused federal leadership is now needed to promote successful initiatives serving more disadvantaged youth. Two strategies seem particularly promising. First, the federal government should provide funds to communities which mount aggressive outreach efforts in low-income neighborhoods as part of a drive to serve all eligible youth in those areas. The outlines for a demonstration effort of this nature will be presented in the final report of the William T. Grant Foundation Commission on Work, Family and Citizenship scheduled for release in November. Second, the federal government should fund matching grants for states which replicate proven models in areas such as school-to-work transition, out-of-school remediation, and vocational training. A targeted replication effort would move us toward a more rational youth employment system, encouraging development of the basic building blocks for such a system in every state.

Obviously, these brief comments go well beyond the scope of those which could be incorporated in legislation introduced in the remaining days of the 100th Congress. However, we do hope to work closely with you after adjournment to explore the feasibility of this more focused and targeted approach to a new initiative designed to meet the needs of more disadvantaged youth.

Administration Amendments to Title II-B. - CDF continues to oppose the Administration's proposals which would allow Title II-B funds to be used for year-round programming in a manner similar to those provided under Title II-A. The preservation of a distinct Title II-B program is essential to underscore the importance of remedial education and paid work experience during the summer months. Adoption of the Administration's Title II-B amendments would yield questionable gains in terms of coordination with Title II-A activities, and is unnecessary if problems in the allocation formula for Title II-B are corrected. By blurring the distinctions between Title II-A and II-B programs, the Administration's proposals were merely create the appearance of additional funds available to meet the needs of disadvantaged youth and set the stage for future proposals to consolidate these separate authorizations, possibly at reduced funding levels.

I hope these comments are useful to you as you revise your initial draft of the JTPA Amendments of 1988. CDF looks forward to the opportunity to work with the Subcommittee this fall in the development of a strong and effective set of amendments which will address the shortcomings of current law and expand training opportunities for the nation's poor and minority youth.

Thanks again for your interest and commitment to progress in this important area.

Sincerely,

Clifford M. Johnson
Director of Youth Employment

Enclosures

pic
PRIVATE INDUSTRY COUNCIL OF SOUTH FLORIDA 7220 N.W. 36th St., Suite 300, Miami, Florida 33166. (305) 594-7615

August 9, 1988

Honorable Paul Simon, Chairman
Subcommittee on Employment
and Productivity
Committee on Labor and
Human Resources
United States Senate
Washington, D.C. 20510-6300

Dear Senator Simon:

On behalf of the Private Industry Council of South Florida, I would like to express our appreciation for the opportunity to comment on your draft bill amending the Job Training Partnership Act (JTPA). We have been participating actively in JTPA since its inception and believe we have developed an understanding of the employment and training system and its needs. My comments relate to five issues:

- Title II-A and Title II-B formulas, especially as they relate to services to at-risk youth.
- Services to hard-serve participants and assessing longer-term impacts of JTPA.
- Relating JTPA to welfare reform initiatives.
- The proposed Challenge Grant program.
- Composition of Private Industry Councils.

Funding Formulas

We concur in the underlying premise of the proposed changes in the Title II-A and Title II-B funding formulas. The current formulas, based two-thirds on unemployment and excess unemployment, present two problems. One, as you noted, is that the programs are designed to serve economically disadvantaged youth and adults, but the heaviest emphasis in the formula is on unemployment rather than percentage of economically disadvantaged in an area. Therefore, while to be eligible for the programs a participant must have an annual family income that is within federal poverty guidelines, most of the unemployed individual in many parts of the country do not meet

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these income guidelines. Therefore, the formula that allocates more or fewer funds to an area is not in sync with the increases or decreases in the number of individuals in a given area who are eligible for these services.

The upswings and downswings in unemployment rates create other problems as well. It is more difficult to plan for and provide continuity in a program operated with funding levels that may change significantly from year to year. Percentage economically disadvantaged in a given community does not change rapidly or even significantly from year to year, given the databases used to calculate this figure. It would be helpful to the JTPA system to emphasize percentage economically disadvantaged more heavily than the one-third weight in the current formula. The proposed increase to 50% is a helpful move in this direction.

We would suggest that Congress thoroughly review Title III of JTPA and the dislocated worker training program provisions of the Trade Bill. These provisions may be more appropriate for targeting of funding that is responsive to significant changes in unemployment rates. Past problems in implementing Title III have focused on the required match for Title III funds and eligibility provisions that require a worker to have been unemployed for 15 of the last 26 weeks. These provisions should, perhaps, be considered for some modifications.

Of particular significance are the changes being proposed in the Title II-B (as well as Title II-A) formulas as they relate to economically disadvantaged youth. The Title II-B summer jobs program serves youth ages 14 through 21. As you pointed out in your letter, "since most youth may have never been employed they do not appear on unemployment rolls and are not counted in unemployment statistics." This is especially true since the overwhelming majority of summer program participants are full-time students who receive jobs and training in this program only during their summer break from school. The intent of the summer jobs program is to develop the long-term employability potential of these youth so that they will not in the future fall within the ranks of the unemployed who will then need the program's Title II-A services.

This brings us to a major concern, for accommodating at-risk youth within Title II-A and Title II-B eligibility guidelines. The nation is beginning to focus concerted attention on our at-risk youth -- those who are at risk of dropping out of school, at-risk through teen pregnancies and teen parenthood which may add to the welfare rolls and long-term dependency, at-risk of being unable to demonstrate the basic and academic skills needed for employment now and the even higher level skills needed for employment in the year and beyond. Current eligibility guidelines for Title II-A require that participants meet the JTPA income eligibility guidelines for economically disadvantaged families; however, up to 10% of a Service Delivery Area's participants may be individuals who are not economically disadvantaged but have encountered barriers to employment. This would enable us to accommodate at-risk youth within local programs without diluting the targeting of services to the economically disadvantaged.

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The problem arises under [redacted] which has no provision for [redacted] Under existing JTPA provisions, all participants in the summer jobs program must be economically disadvantaged. For areas such as Dade County (the Miami area), Florida, which has been designing and implementing hold initiatives that serve at-risk youth over several years under Title II-A during the school year and Title II-B in the summer months (see Attachment [redacted]

Many at-risk youth [redacted] for either of [redacted]

(a) In some cases, their families have incomes that are higher than the JTPA income guidelines. While these youth may be at-risk of themselves falling into poverty in the future because their at-risk factors suggest they will have difficulty becoming employable self-sufficient workers in the future, their parents' current incomes are above the JTPA economic guidelines. (Many of them are poor ~~enough to qualify for free or reduced~~ [redacted] other programs for low-income [redacted] ~~poor enough to meet JTPA income requirements.)~~

(b) In still other cases, the problem is one of meeting JTPA income documentation requirements. The JTPA eligibility procedures require parental cooperation in completing forms and providing income documentation. In many of these cases, however, what has placed these students at risk are dysfunctional family circumstances that make it impossible to get the parent signatures and/or documentation (such as parents' pay stubs) that the process requires. In still other cases, students are living on their own but are not yet 18 years of age, and are in legal limbo in terms of parent signatures on application forms. In yet other cases, families are living in poverty, but cannot meet the JTPA documentation requirements because the wage earners are self-employed (e.g., day laborers or dayworkers doing house cleaning, etc.).

According to the JTPA legislation, each Governor has the right to define a "family" for purposes of JTPA eligibility for that State. Several States have defined "at risk youth" as a family of one for purposes of JTPA eligibility, so that the youth's own income determines whether or not JTPA income eligibility requirements are met. Other States have not accepted this position. When the US Department of Labor was queried on this by the State of Florida, the Department's response indicated that while the Department sympathized with the interest of States in expanding services to at-risk youth, the definition of at-risk youth as [redacted] ~~is an artificial one circumventing the economically disadvantaged requirement of~~ [redacted]." If the JTPA system is to work with at-risk youth in program designs that use Title II-B as well as Title II-A funding, ~~legislative~~ language ~~would seem to be needed to clarify the intent and requirements of the Act.~~

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Services to Hard-to-Serve Participants and Assessing Longer-Term Impact of JTPA

There has been much written in the JTPA Literature on whether or not services are targeted to those who are most in need of and can benefit from these services. Some have said that, instead, services are being received primarily by those who are most able to secure employment on their own, [illegible] the "creaming" phenomenon. In carrying out its oversight on JTPA, Congress may wish to examine the long-term plans for development of JTPA performance standards to insure that these standards are designed in a manner that more heavily than now weighs (a) services to hard-to-serve participants, and (b) long-term gains in earnings, reductions in dependency, and perhaps increasing the life-chances of at-risk youth.

Relating JTPA to Welfare Reform Initiatives

In this area, we have been attempting to contribute to the Florida welfare reform initiative, Project Independence. A number of problems have been encountered relating to overcoming the disincentives to leaving the welfare system, particularly those related to child care, loss of medical benefits, and the relatively modest income differentials between earning wages and receiving public assistance. We urge Congress to insure that the welfare reform measure that becomes national policy is addressed to the disincentives as well as the incentives associated with leaving welfare dependency and provides programs with what is needed to comprehensively deal with these.

Proposed Challenge Grant Program

Dade County (the Miami area), Florida has been the setting for one of the most extraordinary public-private partnerships that have emerged in recent years to focus on improving the life prospects of at-risk youth. (See Attachment A.) We applaud the Challenge Grant Program proposal in your draft bill and believe that more programs of this kind are needed if we are to make significant headway in reducing the factors that place these youth at risk.

Composition of Private Industry [redacted]

We believe that the PICs across the nation have been highly effective in carrying out their functions. The initial legislation mandated that a majority of each PIC be from the private sector and specified the six other groups that were to be represented on each PIC, without specific percentages of seats for each of these other categories. The shape of the public-private partnership in each locale has been determined locally, as was the original Congressional [redacted] and [redacted]d.

Please feel free to contact us if we can be of further assistance.

Sincerely,

David Ziska

Attachment

01.07.4442

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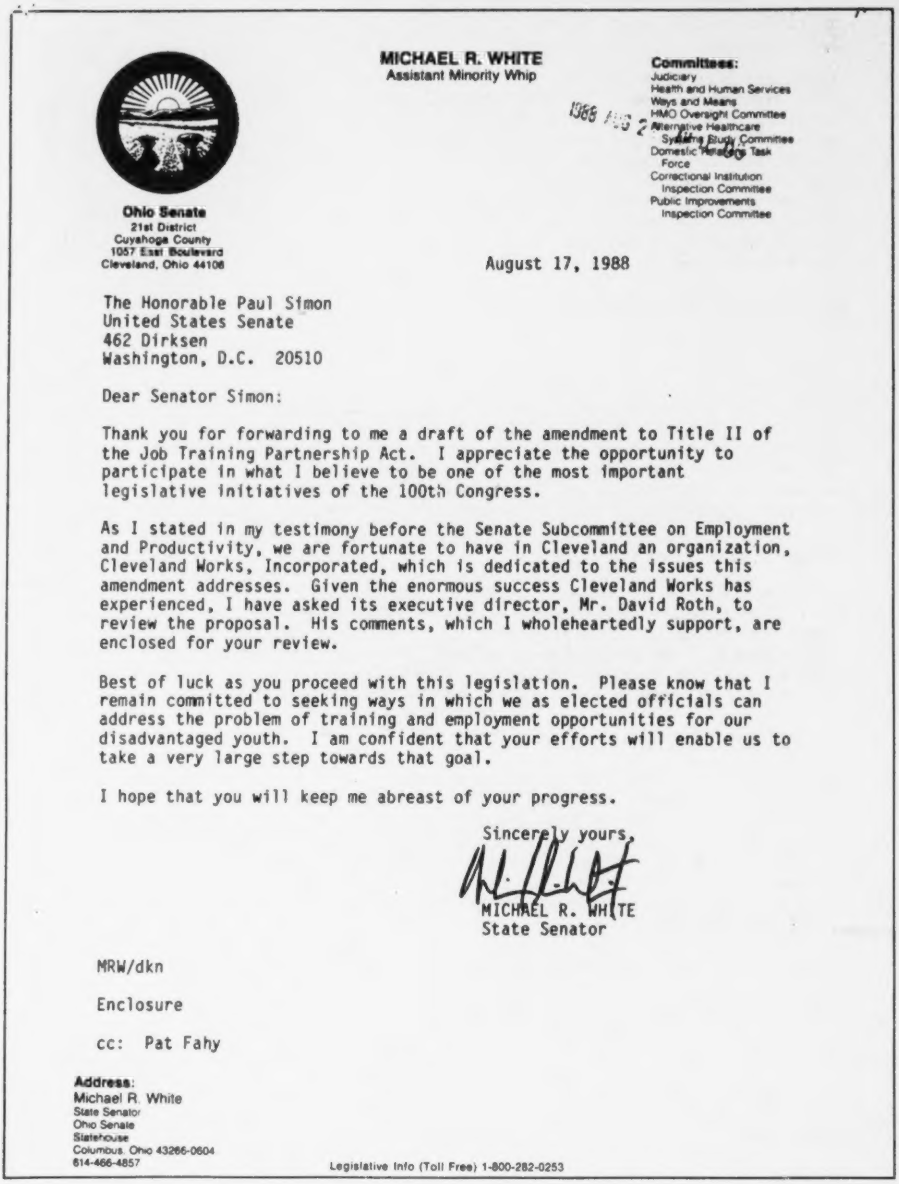

MICHAEL R. WHITE
Assistant Minority Whip

Ohio Senate
21st District
Cuyahoga County
1057 East Boulevard
Cleveland, Ohio 44106

Committees:
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Ways and Means
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Domestic Relations Task
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Inspection Committee
Public Improvements
Inspection Committee

1988 AUG 2

August 17, 1988

The Honorable Paul Simon
United States Senate
462 Dirksen
Washington, D.C. 20510

Dear Senator Simon:

Thank you for forwarding to me a draft of the amendment to Title II of the Job Training Partnership Act. I appreciate the opportunity to participate in what I believe to be one of the most important legislative initiatives of the 100th Congress.

As I stated in my testimony before the Senate Subcommittee on Employment and Productivity, we are fortunate to have in Cleveland an organization, Cleveland Works, Incorporated, which is dedicated to the issues this amendment addresses. Given the enormous success Cleveland Works has experienced, I have asked its executive director, Mr. David Roth, to review the proposal. His comments, which I wholeheartedly support, are enclosed for your review.

Best of luck as you proceed with this legislation. Please know that I remain committed to seeking ways in which we as elected officials can address the problem of training and employment opportunities for our disadvantaged youth. I am confident that your efforts will enable us to take a very large step towards that goal.

I hope that you will keep me abreast of your progress.

Sincerely yours,

MICHAEL R. WHITE
State Senator

MRW/dkn

Enclosure

cc: Pat Fahy

Address:
Michael R. White
State Senator
Ohio Senate
Statehouse
Columbus, Ohio 43266-0604
614-466-4857

Cleveland Works, Inc.

Atrium Office Plaza
668 Euclid Avenue, Suite 800
Cleveland, Ohio 44114
(216) 589-WORK

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[illegible]
[illegible] Tompkins
Robert J. Visdos
Cheryle A. Wills

August 10, 1988

Senator Michael White
State Senator
State House
Columbus, Ohio 43215

Dear Mike:

Thank you for seeking Cleveland Works for your response to Senator Paul Simon regarding the JTPA amendments. We do have a few comments we would like to offer.

The Challenge Grant program seems to be an excellent idea. It is time that the federal government once again acknowledge its role in addressing the problems of persistent urban poverty. The causes of poverty do not lie within municipal boundaries, or even within the boundaries of large metropolitan areas. Poverty has many local manifestations, but a common source in economic developments and public policy decisions that are national in scope. Metropolitan communities like Greater Cleveland can and must take the initiative to lower poverty in their specific geographic areas, but their efforts can only generate a meaningful difference if supported by changes in national policy which are specifically aimed at moderating the differential socio-economic effects that pervade our towns, cities, states, and neighborhoods. The Challenge Grant is a first step in this direction, by recognizing that the federal government should do more than just compliment efforts, but take an active participatory role as the major player responsible for broad based results.

As to the specifics of the Challenge Grant program, we would be encouraged knowing that innovative and measurably successful organizations, like Cleveland Works, are eligible to participate. The bill refers to the eligible organizations as "partnerships," and delineates what constituencies the partnerships must include. Certainly, the goal of including various groups is necessary and proper, but the bill should clarify that organizations need not literally be a partnership in their legal form, and need not require representatives from each of the organizations listed in Section 272. The present wording is ambiguous on this point.

The bill should also have greater specificity in outlining the accountability required of those organizations that receive Challenge Grants. Of the six substantive goals listed in Section 273, five explicitly mention employment as the desired outcome. However, one's obtaining a job is not alone a sufficient measure of a program's success in moving people from dependence to economic independence. Most important is the quality of the employment opportunity, and one's ability to retain their job in order to sufficiently upgrade the quality of life and standard of living for themselves and their families. As an example of the type of outcome indicators you might consider, Cleveland Works' contract with the Cuyahoga County Department of Human Services requires it to:

1. Place 300 ADC recipients in full-time jobs that provide family health benefits and an opportunity for career growth and advancement;

2. At an average minimum entry wage of $5.35 per hour with family health benefits;

3. At a maximum cost of $4,000 per placement, the public's investment is returned through welfare saving and taxes paid within six months of the contract year;

4. Assure that minimally 80% of Cleveland Works' placements remain gainfully employed for one year.

[I have enclosed a copy of our recently signed contract for July 1, 1988 - June 30, 1989.]

In addition, 50% of all Cleveland Works' placements must come from the "hardest to place" of the ADC population (no GED, having a child under two years of age, being an ex-offender, having been on welfare continuously for the last six years, being under 21 or over 40 years of age, having four or more children, having a handicap or possessing limited English). Approximately 70% of all Cleveland Works' graduates represent this "hardest to place" group, although we strongly believe that the entire ADC population in Cuyahoga County (125,000) is hard-to-place. Strict performance criteria are the only way to ensure that the Challenge Grant program successfully achieves its goals and objectives. Cleveland Works has always insisted that it is not hard to document whether or not people are off welfare and gainfully employed and living a better life - children in school, better health and nutrition and an overall improvement in life management skills and control.

It is difficult to comment on the JTPA amendments because it is hard to project what effect they will have on the JTPA program as a whole. Because we have no working relationship with the Private Industry Council ("PIC") it is difficult for Cleveland Works to provide a well informed opinion on the proposed changes for PIC. The change in the funding formula to target economically disadvantaged appears to be appropriate, because as we well know, income, and making ends meet, not "unemployment", is the true measure of poverty. Forty percent of the American labor force is working, but can still justifiably be referred to as poor. Until we target our programs and services to enabling people to achieve true self-sufficiency, we will continue to force people into untenable situations which require them to choose between working and taking care of their families. Obviously, health care needs to be a right, not just a privilege for those with significant income or those with no income at all. We continue to perpetuate a system that rewards people for not working by providing them unlimited access to health care services through Medicaid.

Michael, I will be away the last ten days of August at (716) 753-2573 and please feel free to call if I can be of any further information or assistance. You may want to also discuss these comments with our Associate Director, Eric Fingerhut, who assisted drafting the response to you.

Michael, our sincere appreciation and gratitude for requesting our opinion, and for being such a great friend and supporter of Cleveland Works. I hope our paths cross soon, and keep up the excellent service you have generously and effectively rendered to people in need of your advocacy and leadership.

Thanks for caring,

David B. Roth
Executive Director

DBR: rs

Enclosures

P.S. Michael, although I realize you have probably seen the enlosed information on Cleveland Works before, I thought it might be helpful to provide you with additional copies.

National Conference of State Legislatures

444 North Capitol Street, N.W.
Suite 500
Washington, D.C. 20001
202/624-5400

President Ted Strickland
President
Colorado State Senate

Executive Director
William T. Pound

August 23, 1988

The Honorable Paul Simon
Chairman
Subcommittee on Employment and Productivity
U.S. Senate
Washington, DC 20510

Dear Senator Simon:

Thank you for providing us with a copy of your draft bill amending Title II of the Job Training Partnership Act (JTPA) for review and comment.

As you can see in the enclosed official policy statements, the provisions you and Senator Quayle are proposing in your respective bills to strengthen services to disadvantaged youth are very much in keeping with the sentiments of state legislators. Our members have long been aware of the need to provide a broader range of education and training services to disadvantaged youth both as a social and economic necessity. Such an effort should operate as a state-federal partnership set up to utilize the policy and administrative resources of both the states and the federal government.

One of the ways of best utilizing the policy resources of the states is to assure a meaningful role for state legislatures by not vesting policy responsibility for federal programs in a specific branch of state government, such as the executive branch. Rather, in directing policy responsibility, the neutral word "State" should be used to avoid conflicts with individual state procedures, practices, and laws. Such an approach better assures checks-and-balances between those officers of the states charged with executive/administrative responsibilities and those with legislative/policymaking/appropriating responsibilities. Also, this approach retains the administrative functions where they belong, but does not deny the appropriate policymaking body its functions as established in each state. Furthermore, this inclusion offers the best opportunity to involve key branches of State government in assessing the needs identified in federal law and programmatic considerations necessary for meeting those needs. In some states this has already resulted in the appropriation of additional state funds to enhance federal programs and better tailor services to their own economies and populations.

Denver Office: 1050 17th Street • Suite 2100 • Denver, Colorado 80265 • 303/623-7800

In S. 2679, introduced by Senator Quayle, there are three specific references to which the above comments would apply, all on page 5. In lines 1, 7, and 14 there are references to the "Governor" that in some states might be considered part of the executive's administrative role, but in other states might be seen more as a policy function that should be left to the legislature in its policy-making role. By using the neutral word "State" in S. 2679, the accepted practices and procedures of the state would determine the best way to handle these policy considerations.

I hope this has been helpful to you as you develop further your legislation to strengthen youth services in JTPA. We at NCSL firmly believe that few, if any, of the nation's needs will be met fully without the concerted efforts of both the states and the federal government. State legislatures are in a better position now than ever before to participate as part of that partnership. We look forward to working with you further on this and other issues.

Sincerely,

Ron Field

Ronald H. Field
Senior Program Director
Human Resources

'88 SEP -1 PM 2:56

OFFICE OF THE SUPERVISOR
TOWN HALL
OYSTER BAY, N. Y. 11771

ANGELO A. DELLIGATTI
SUPERVISOR

(516) 922-5800

JH—
This is what PS's
Bill will do

August 10, 1988

Honorable Paul Simon
Labor & Human Resources Committee
428 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Simon:

As the Chief Elected Official of the Oyster Bay Service Delivery Area, I am seeking your support in changing the present JTPA Allocation Formula.

During the last five years many SDA representatives have complained about the inequitable distribution of JTPA funds. This unequal and unfair distribution has also been pointed up by the Abt Report released by the United States Department of Labor. The report states that JTPA funds are not being disbursed where the real need exists. Under the present formula one SDA may end up receiving $25 per unemployed individual, while another SDA may receive $200 per unemployed individual due to the narrowness of its target.

Since the present formula is based on "the relative number of unemployed individuals residing in areas of substantial unemployment in each state as compared to the total number..... in all the States", a county in an SDA with a population under 80,000 may receive $500,000, while another county with a population of 570,000 may only receive $328,000. Basing distribution of funds primarily on levels of unemployment in a given area tends to overlook the sometimes larger problem of economically disadvantaged youth. This shows gross inadequacy in the method currently used for the distribution of monies allocated for the needy.

The National Alliance of Business and major corporations are very concerned about the work force of tomorrow. We, therefore, need to address this issue by redirecting funds to areas containing the greatest numbers of both unemployed and disadvantaged. If we are serious about preparing our work force for the year 2000, we must act now by providing more employment and training services to those who will comprise that work force.

Your support for this change in legislation is greatly appreciated.

Very truly yours,

Angelo A. Delligatti
Supervisor

AAD:mc

Pipe

Pipe: A partnership of Seattle schools and businesses to improve learning and working experiences.

Private Initiatives
in Public Education

One Union Square
Suite 1200
Sixth & University
Seattle, WA 98101
(206) 461 7230

August 12, 1988

Senator Paul Simon
Chairman
Subcommittee on Employment
and Productivity

Dear Senator Simon:

I just returned from vacation so my remarks will not get to you by August 12th.

The bill you are proposing to amend title II of JTPA is excellent. Redistributing the percentage of funds to more effectively help disadvantaged youth, can be a critical factor in helping to stem the tide of drop-outs from our public schools.

Your "Challenge Grant" program is outstanding. Communities, like Seattle, are deeply concerned and searching for ways to help. Incentives that "challenge" involvement can be the catalyst to foster broad community participation.

Thank you for your help and yes, in my opinion, you are on the right track to make a difference. Our communities need to take more action and spend less time worrying.

Sincerely yours,

Cynthia Shelton

Cynthia Shelton
President

ph

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[illegible]
[illegible]
George P. [illegible]
[illegible]
Robert L. Neuner
Donald N. Olsen
Donald G. Phelps
Robert H. Pugmire
William S. Randall
Jay Rockey
Charles Rover
Judy Runstad
Andrew Smith
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James A. Thorpe
Geoffrey F. Vernon
[illegible] Warden
[illegible]
Thomas Wood

Executive Director
Cynthia Shelton

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WOMEN'S AMERICAN ORT INC
Organization For Rehabilitation Through Training
MIDWEST DISTRICT 111 N. Wabash Avenue Chicago, Illinois 60602 (312) 726-6466

Carol Linch
President

Nicky Freedman
Chairman,
Executive Committee

Beryl Michaels
Executive Director

August 10, 1988

The Honorable Senator Paul Simon
United States Senate
Committee on Labor and Human Resources
Washington, D.C. 20510-6300

Dear Senator Simon:

After reviewing your draft bill amending Title II of the JTPA, I would like to share a few thoughts.

1. The need to provide viable skills for economically disadvantaged and unemployed is critical. We appreciate your effort to move forward to accomplish this task.

2. Private Industry Councils are invaluable to productivity. An important part of ORT's success is based on the expertise available to us from industry. This insures the availability of current, marketable skills.

3. The JTPA deals basically with individuals who have achieved a certain level of education but does not respond to many hardcore unemployed who have known nothing but failure. We need a positive approach to this problem.

Thank you for asking for our suggestions.

Sincerely,

Carol Linch

Carol Linch
President

Private Industry Council, Inc.

Administrative Office::
116 South Plum Street
Carlinville, Illinois 62626
Telephone (217) 854-9642

Local Office:

Responding to Local Business Needs

1988 SEP -6 PM 1:45

SEP 1 REC'D

August 31, 1988

Honorable Paul Simon
United States Senator
3 West Old Capitol Plaza
Springfield, IL 62701

Dear Senator Simon:

This letter is in response to your proposed draft legislation modifying the Title II allocation formula. I have read the bill and discussed parts of it with your staff, Mr. Bud Blaky. I still have mixed emotions as to exactly how this change will affect my SDA, but I would like to share with you the concerns which I have at the moment.

My SDA is an eight county rural consortium in west central Illinois. Our Title IIA has an allocation of $1.3 million for PY '88 which is a 12.7% reduction from PY '87. Annually, we serve 1100 participants of which 88% are economically disadvantaged. We provide quality programs with limited dollars and small staff. Last program year we met all seven performance standards, exceeding six of them. We are proud of our accomplishments.

Now my SDA is in potential danger of losing allocation dollars to the larger areas which have a larger number of concentrated areas of low-income people. JTPA has been called the Urban Legislation and now again the urban areas will benefit. The rural areas have always experienced more difficulty in planning, operating, and administering JTPA because of their inherent problems of: sparse population, long distances, small labor markets, lack of local training facilities and public transportation, and lack of access to supportive services. Loss of even 5% of allocation monies over a span of several years, coupled with other rural problems will significantly effect this SDA's quality of services.

In Illinois the major push for a change in the allocation formula came from the City of Chicago--not the Governor. Chicago has everything to gain while downstate has a lot to lose. The City of Chicago claims they have 50% of the economically disadvantaged persons eligible for JTPA statewide. However, of the total number eligible, how many will not apply for JTPA because they are not in the labor force, or they already have some type of employment or they have family responsibilities or they are too sick or too old to benefit. A straight comparison of the eligible population and JTPA participants is not a valid indicator.

"It is the purpose of this Act to establish programs to prepare youth and unskilled adults for entry into the labor force and to afford job training to those economically disadvantaged individuals and other individuals facing serious barriers to employment, who are in special need of such training to obtain productive employment."

This Statement of Purpose from the Act does not just speak of the economically disadvantaged but equally identifies the youth, unskilled adults and other individuals facing serious barriers to employment. Persons with limited English, prison records, alcoholism, drug addiction, physical and mental handicap, teen pregnancy, home displacement, etc. are disadvantaged but not necessarily economically.

Maybe the allocation formula is in need of a modification, but not such a drastic change of 50%-25%-25%. The principle focus of your proposed bill is youth employment, maybe adjustments could be made in the formula specifically pertaining to youth.

I have great respect for you as a Senator and your involvement with employment and training programs has been as asset. I would ask that you look carefully at modifying the allocation formula and be certain that both urban and rural areas can equally share and benefit by JTPA programs.

Sincerely,

Mik Arnett

Amy M. "Mik" Arnett
PIC Director

AMA/mc

PRIVATE INDUSTRY COUNCIL

Administrative Offices, 719 Batavia Avenue, Geneva, IL 60134 (312) 232-5900

October 5, 1988

Senator Paul Simon
462 Dirksen Building
Washington, D. C. 20510

Dear Senator Simon:

In review of the proposed amendments to the Job Training Partnership Act, I would like to express our Private Industry Council's concerns over the proposed changes regarding membership representation on the PIC.

Our Service Delivery Area is composed of three Counties representing both urban and rural views. We do have a representative of labor on the Council, but have found it extremely difficult to recruit and maintain active participation from representatives of labor on our area committees.

Furthermore, our structure has been successfully working and our members are concerned whether changes are needed at all.

The proposed formula changes also will negatively affect the funding levels for our three-County area, particularly the rural Counties, and, to our knowledge, there really is no fair and equitable data base to determine the number of economically disadvantaged individuals per County.

Lastly, by inserting the words "16 and under 65" into the definition, we are concerned about not being able to service individuals outside the age limits.

The KDK Private Industry Council feels that these issues are important for you to consider in your proposed changes, and we thank you for the opportunity to provide input.

Sincerely,

Charles A. Smith, Chairman
KDK Private Industry Council

CS:db

SERVING KANE-DEKALB-KENDALL COUNTIES

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U.S. DEPARTMENT OF LABOR
SECRETARY OF LABOR
WASHINGTON, D.C.

August 19, 1988

Dear Mr. Chairman:

Thank you for your letter of July 28 and for providing me with a copy of your draft bill to amend Title II of the Job Training Partnership Act (JTPA). I share your belief that education, training and employment opportunities for disadvantaged young people must be improved. I am anxious to work with you and the subcommittee in this effort.

The Department of Labor is committed to ensuring the delivery of high quality and effective services for youth who are economically disadvantaged and basic skills deficient. This commitment led to the development of the Department's "At-Risk Employment and Training Amendments of 1988" and I am gratified that you will be incorporating much of our proposal in your legislation.

The Department of Labor has established an Advisory Committee to undertake a comprehensive review of the JTPA. The committee will assess the 5 years of experience under the Act and identify ways that the quality of services provided to JTPA enrollees can be enhanced. They are considering many of the issues that are addressed in your draft legislation and, therefore, I am referring your bill to the JTPA Advisory Committee for their consideration.

Your efforts to better target JTPA Title II-A and Title II-B funds are particularly appreciated. I agree with you that the current formula does not adequately direct resources to those areas where they are most needed. I understand that Employment and Training Administration staff is currently working with your staff on this problem and will continue to do so.

I look forward to discussing these issues with you further in the near future.

Sincerely,

ANN McLAUGHLIN

The Honorable Paul Simon
Chairman, Subcommittee on Employment
and Productivity
Committee on Labor and Human Resources
United States Senate
Washington, D.C. 20510

City of Pittsburgh
Sophie Masloff, Mayor

September 19, 1988

The Honorable Paul Simon
Room SD-462, United States Senate
Washington, D.C. 20510

Dear Senator Simon:

In response to your invitation to comment on your draft bill amending Title II of the Job Training Partnership Act (JTPA), we have the following:

First, the change in the allocation formula for JTPA is a very needed one. The current formula places too much emphasis on unemployment figures, which do not depict accurately the actual number of individuals who are not working and want to be working. Since the focus of JTPA is to serve economically disadvantaged individuals, it naturally follows that the formula for distributing funds should use the number of economically disadvantaged as the most prominent factor. In 1987, the City of Pittsburgh received only 3.9% of the Commonwealth of Pennsylvania allotment of 78% and 3% JTPA funds, while 5.1% of the economically disadvantaged in the state live in the City of Pittsburgh. (Source: Pennsylvania Office of Employment Security). With a change in the formula to that suggested in your draft bill, we estimate the City would have received 4.5% of the state's JTPA allocation for 78% and 3%.

Second, the "challenge grant" program will restrict the ability of local programs to serve eligible applicants. Funding for JTPA has been reduced overall in Pennsylvania. Many SDA's are facing layoffs and reduction of training activity. Earmarking portions of funds to be used for special programs further reduces allocations to SDA's. Additional funding should be considered for special programs. We suggest having the JTPA grant recipients be responsible for applying for and operating challenge grants. This would provide more coordination of services and avoid duplication of efforts.

We appreciate the opportunity to comment on your bill.

Sincerely,

Sophie Masloff

Sophie Masloff

SM/DF/nal

cc: Melanie J. Smith

Street Address:
125 South Webster Street
Madison, WI 53707
Phone: (608) 266-3390

Mailing Address:
Post Office Box 7841
Madison, WI 53707-7841

Herbert J. Grover
Superintendent of Public Instruction

September 1988

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Honorable Paul Simon
Senate Labor and Human
Resources Committee
Room 462
Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Simon:

Enclosed is the "Follow-up Summary Report" giving results of a survey of students enrolled in the Job Training Partnership Act (JTPA) 8% programs for the 1986-87 school year.

The Department of Public Instruction (DPI) administers one-half of the JTPA 8% Education and Coordination Grants for the Wisconsin Department of Industry, Labor and Human Relations. The program targets at-risk/dropout youth.

The DPI surveyed 1,465 students (most younger than seniors) with 1,152 students responding (78.9%). Key results included:

more than 50% of the students felt they:

- received sound career information
- improved their grades
- developed socialization skills

nearly 50% reported they:

- enjoyed school more
- did better in other classes
- improved their attendance
- now have future plans after high school

between 50% and 67% of the students said they learned the importance of:

- following directions
- regular attendance
- being on time
- getting along with others
- being responsible
- completing tasks
- accepting criticism

JTPA 8% demonstrates that partnerships, particularly during this time of limited resources, are a must to successfully deal with the needs of at-risk youth.

I extend my sincere thanks to all those who forged partnerships between local school districts, governmental agencies, local businesses, Private Industry Councils, and the Vocational, Technical and Adult Education system to serve our disadvantaged youth. Please share this survey with your partners.

If you have questions or comments please contact Wayne A. Sherry at (608) 267-9166.

Sincerely,

Herbert J. Grover
State Superintendent

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Enclosure

CITY OF BALTIMORE
KURT L. SCHMOKE, Mayor

OFFICE OF THE MAYOR
250 City Hall
Baltimore, Maryland 21202

September 7, 1988

Honorable Paul Simon
Chairman, Subcommittee on
Employment and Productivity
United States Senate
Committee on Labor and Human Resources
Washington, D.C. 20510-6300

Dear Senator Simon:

Thank you for your recent correspondence regarding your intention to introduce a bill that will amend the allocation funding formula for Title II of the Job Training Partnership Act (JTPA).

As mayor of a large urban city, I am strongly in support of this initiative. Over the past several years, Baltimore has been severely impacted by the continual reductions in the overall allocation of federal resources available for employment and training services, and more specifically, by the inequitable fund distribution resulting from the current JTPA allocation formula.

Despite the City's high unemployment rate of 7%, its location within Maryland - a state of relatively stable employment - denies it an adequate share of JTPA funds for servicing the large number of unemployed and unskilled youth and adult citizens. Refocusing the weight of distribution determination from unemployment statistics to the number of economically disadvantaged residents will help to approximately target resources to those areas where the need is clearly the greatest.

I also strongly endorse the legislation proposed for expanding resources to provide more intensive services to prepare our youth for future success. In February, I had the honor of representing the U.S. Conference of Mayors in a testimony to Congress on the proposed Youth Employment Services Act.

In my testimony, I addressed the shared cirtical concern of our nation's cities that aggressive intervention must be the immediate response to the problem of unemployment among our disadvantaged youth. The high correlation between education and gainful and rewarding employment demands a focused and comprehensive approach to dropout prevention and youth employment preparedness. Like the proposed Y.E.S. Act, the Youth Employment Training Challenge Grant which you outline will encourage local innovation and partnerships and will equitably distribute funds to those areas with the highest proportion of disadvantaged youth. I noted that your proposed Challenge Grant reduces funding from 100% in the first year to 33% in the second. Recognizing that it does take time to get the program designs and funding streams institutionalized, I would recommend a more gradual phase-down in federal support, such as 100% in year one, 50% in year two, and 33% in year three.

In Baltimore, the various issues of high dropout rate, teen pregnancy and youth unemployment are being addressed by a new cooperative venture called the Baltimore Commonwealth. This is a partnership among education, government, business, and community. This initiative has identified the scope and extent of services and opportunities that must be made available on a year-round, consistent basis to help our disadvantaged youngsters remain connected to school and develop the competencies necessary to meet the demands of our changing labor market. The partnership also recognizes that the support required to create and maintain this kind of structure must come from mobilizing all available resources - including federal funds.

It is encouraging to recognize that the issue of developing our current and future workforce is being significantly acknowledged on the federal level. Again, I am glad to have this chance to support your proposal and to thank you for your leadership in this effort.

Sincerely,

Kurt Schmoke
Mayor

KLS:cici

Senator SIMON. Our hearing stands adjourned.

[Whereupon, at 3:15 p.m., the subcommittee was adjourned.]

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